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**China Oceanwide Holdings Group Co., Ltd.**

**Auditors' Report  
For the Year Ended December 31, 2013**

The exchange rate to convert all RMB figures in this document into USD figures is 1 RMB: 0.1651828 USD (as of December 31, 2013).

**China Oceanwide Holdings Group Co., Ltd.**  
**Consolidated Balance Sheet of 2013**  
**AUDITORS' REPORT**



**CONTINENTAL CERTIFIED PUBLIC  
ACCOUNTANTS CO., LTD**

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Copy of business license of legal person of the CONTINENTAL CERTIFIED  
PUBLIC ACCOUNTANTS CO., LTD

# **Auditor's Report**

Continental Auditing (2014) No. BJ04-124

## **To shareholders of China Oceanwide Holding Group Co., Ltd:**

We have audited the accompanying financial statements of China Oceanwide Holding Group Co., Ltd(hereinafter referred to as "the Company"), which comprise the consolidated Balance Sheet as at 31 December 2013, and the consolidated Income Statement, consolidated Cash Flow Statement and the consolidated Statement of Changes in Owner's Equity for the year then ended, and notes to the financial statements.

### **I. Responsibility of managements to the Financial Statement**

Management of the Company is responsible for the preparation and fair presentation of these financial statements. This responsibility includes: (1) preparing the financial statements in accordance with Accounting Standards for Business Enterprises to achieve fair presentation of the financial statements; (2) designing, implementing and maintaining internal control that is necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

### **II. Responsibility of certified public accountants**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Chinese Certified Public Accountants Auditing Standards. Those standards require that we comply with the Code of Ethics for Chinese Certified Public Accountants and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of an entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### III. Opinion

In our opinion, the financial statements of the Company present fairly, in all material respects, the consolidated financial position of the Company as at 31 December 2013, and their operating results and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

CONTINENTAL CERTIFIED PUBLIC  
ACCOUNTANTS LLP

Chinese CPA:

Beijing, China

Chinese CPA:

May 15, 2014

The auditors' report, financial statements and the accompanying notes to the financial statements are English translations of the Chinese auditors' report, financial statements and the accompanying notes. For avoidance of doubt, in case of inconsistencies as to the presentations of these documents, the Chinese version shall prevail

**China Oceanwide Holdings Group Co., Ltd.**  
**Consolidated Balance Sheet**  
**31 December 2013**

Unit:USD

Assets	Notes	31-Dec-13	31-Dec-12
<b>Current assets</b>			
Cash at bank and on hand	VII-1	1,711,278,202.83	1,592,490,539.96
Settlement reserve	VII-2	157,361,633.07	157,260,399.83
Trading financial assets	VII-3	501,666,847.78	310,050,222.25
Bills receivable		187,604.27	251,077.86
Accounts receivable	VII-4	178,253,709.46	70,184,116.42
Advances to suppliers	VII-5	395,909,870.60	353,516,283.47
Repurchase of sale of financial assets	VII-8	11,213,740.91	6,107,991.49
Dividends receivable	VII-7	26,373,085.85	32,438,561.62
Refundable deposits	VII-9	29,612,715.23	31,427,903.96
Other receivables	VII-6	1,838,570,447.94	1,988,075,275.12
Inventories	VII-10	4,994,350,249.93	3,900,833,071.93
Non-current assets due within one year		-	-
Other current assets	VII-11	963,567,048.94	52,236,706.32
<b>Total current assets</b>		<b>10,808,345,156.82</b>	<b>8,494,872,150.24</b>
<b>Non-current assets:</b>			
Available-for-sale financial assets	VII-12	1,175,077,958.87	1,058,249,002.36
Held-to-maturity investments		28,906,990.00	18,170,108.00
Long-term account receivable		-	-
Long-term equity investments	VII-13	1,068,862,116.13	995,882,927.64
Membership futures investment	VII-14	231,255.92	231,255.92
Investment Real Estate	VII-15	1,927,062,630.23	1,614,842,338.02
Fixed assets	VII-16	213,229,961.22	177,078,122.20
Construction in progress	VII-17	83,219,529.53	57,238,578.16
Biological assets		55.34	55.34
Disposal of fixed assets		-	-
Intangible assets		20,115,705.45	19,631,494.68
Project goods and material		424,643.92	-
Goodwill	VII-18	139,387,426.54	76,469,744.95
Long-term Prepaid and deferred expenses		17,668,262.17	17,319,577.44
Deferred tax assets	VII-19	131,279,879.04	73,927,868.83
Other non-current assets		583,060,176.14	389,423,957.09
<b>Total non-current assets</b>		<b>5,388,526,590.50</b>	<b>4,498,465,030.65</b>
<b>Total Assets</b>		<b>16,196,871,747.32</b>	<b>12,993,337,180.89</b>

The accompanying notes form an integral part of these financial statements.

Legal Representative:

Chief Financial Officer:

Chief Accountant:

**China Oceanwide Holdings Group Co., Ltd.**  
**Consolidated Balance Sheet**  
**31 December 2013**

Unit:USD

Liabilities and Equity	Notes	31-Dec-13	31-Dec-12
<b>Current liabilities</b>			
Short-term borrowings	VII-20	699,036,131.16	806,256,005.32
Acting trading securities		-	-
Bills payable		18,599,583.28	1,387,535.52
Accounts payable	VII-21	326,715,955.62	204,177,282.33
Advances from customers	VII-22	142,441,143.49	70,237,185.74
Financial assets sold for repurchase	VII-24	898,617,603.72	73,836,711.60
Funds for agency trading of securities	VII-25	533,397,872.55	634,643,392.05
Currency deposit payable	VII-26	55,466,938.60	50,949,296.02
Employee benefits payable	VII-27	41,007,287.96	36,350,588.09
Taxes payable	VII-28	195,072,574.11	189,295,993.28
Interest payable	VII-29	17,413,568.43	34,459,899.04
Dividends payable	VII-30	2,802,789.00	3,045,483.22
Other payables	VII-23	520,993,011.87	754,537,799.28
Non-current Liabilities due within one year	VII-31	1,809,122,407.68	1,172,544,159.22
Other current liabilities	VII-32	34,661,397.73	695,822.98
<b>Total current liabilities</b>		<b>5,295,348,265.19</b>	<b>4,032,417,153.68</b>
<b>Non-current liabilities:</b>			
Long-term borrowings	VII-33	5,979,220,758.37	3,888,173,507.91
Bonds payable	VII-34	462,511,840.00	989,208,272.28
long-term payables		52,600,930.47	36,452,140.73
Special payables		-	3,303.66
Accrued liabilities	VII-36	225,966.44	330,365.60
Deferred tax liabilities	VII-35	487,593,278.06	436,013,325.07
Other non-current liabilities		-	-
<b>Total non-current liabilities</b>		<b>6,982,152,773.35</b>	<b>5,350,180,915.25</b>
<b>Total liabilities</b>		<b>12,277,501,038.54</b>	<b>9,382,598,068.93</b>
<b>Shareholders' equity</b>	VII-37		
Share capital		1,288,425,840.00	1,000,724,225.45
Capital reserve		641,563,402.86	717,689,665.72
Less: Treasury Stock		-	-
Surplus reserve		76,119,523.06	76,119,523.06
Retained earnings		1,097,907,045.92	1,077,680,242.11
Translation reserve		(166,737.85)	4,487,775.39
<b>Total equity attributable to shareholders of the company</b>		<b>3,103,849,073.99</b>	<b>2,876,701,431.72</b>
Minority interests		815,521,634.79	734,037,680.24
<b>Total shareholder's equity</b>		<b>3,919,370,708.78</b>	<b>3,610,739,111.96</b>
<b>Total Liabilities and Equity</b>		<b>16,196,871,747.32</b>	<b>12,993,337,180.89</b>

The accompanying notes form an integral part of these financial statements.

Legal Representative:

Chief Financial Officer:

Chief Accountant:

**China Oceanwide Holdings Group Co., Ltd.**  
**Consolidated Income Statement**  
**31 December 2013**

Unit:USD

Items	Notes	Year 2013	Year2012
<b>I .Revenue</b>	VII-38	<b>1,406,966,465.59</b>	<b>1,080,592,482.16</b>
Including: Operating revenue		1,186,845,205.31	913,457,964.41
Net interest income		25,941,453.70	20,720,521.34
Fees and commissions net income		194,179,806.59	146,413,996.41
<b>II. Total cost of operations</b>		<b>1,580,551,930.19</b>	<b>1,369,757,797.30</b>
Including: cost of operations	VII-39	526,341,071.30	402,956,704.57
Business taxes and surcharges		200,150,063.61	171,309,418.21
Selling and distribution expenses		49,511,817.63	39,038,937.67
Administrative expenses		292,095,983.12	259,010,553.12
Finance costs	VII-40	506,518,386.32	497,254,402.32
Impairment loss	VII-41	5,934,608.22	187,781.41
<b>Add:Gain/ ( loss) from changes in fair value</b>	VII-42	<b>209,014,474.67</b>	<b>279,709,053.71</b>
Investment income	VII-43	163,667,218.11	199,767,223.71
Including: income from investment in associates and joint ventures		69,136,593.76	83,683,449.87
Exchange income ( loss column with "-")		(51,187.65)	(3,625.31)
<b>III. Operating profit</b>		<b>199,045,040.53</b>	<b>190,307,336.96</b>
Add: non-operating income	VII-44	50,780,777.84	3,834,913.58
Less:non-operating expense	VII-45	40,826,840.17	13,492,259.53
<b>Including:losses from disposal of non-current assets</b>		<b>644,361.75</b>	<b>644,361.75</b>
<b>IV .Profit before income tax</b>		<b>208,998,978.20</b>	<b>180,649,991.01</b>
Less:Income tax expense	VII-46	129,075,342.64	103,969,526.99
<b>V.Net profit</b>		<b>79,923,635.56</b>	<b>76,680,464.02</b>
Attributable to: Shareholders of the company		20,226,803.81	36,024,586.84
Non-controlling interests		59,696,831.75	40,655,877.18
<b>VI. Earnings per share (EPS)</b>			
(1) Basic EPS			
(2) Diluted EPS			
<b>VII. Other comprehensive income</b>		<b>(78,580,616.21)</b>	<b>97,655,673.65</b>
Attributable to: Shareholders of the company	VII-47	(79,618,624.10)	97,602,590.67
Non-controlling interests		1,038,007.89	53,082.98
<b>VIII. Total comprehensive income</b>		<b>1,343,019.35</b>	<b>174,336,137.67</b>
Attributable to: Shareholders of the company		(59,391,820.29)	133,627,177.51
Non-controlling interests		60,734,839.64	40,708,960.16

The accompanying notes form an integral part of these financial statements.

Legal Representative:

Chief Financial Officer:

Chief Accountant:



**China Oceanwide Holdings Group Co., Ltd.**  
**Consolidated Cash Flows Statement**  
**31 December 2013**

Unit:USD

Items	Year 2013	Year 2012
<b>I. Cash flows from operating activities</b>		
Cash received from selling goods and providing services	1,136,983,661.91	936,251,640.68
Gain on sale of trading securities	(116,513,377.58)	(85,664,679.99)
Cash from the interest and commission	248,031,063.63	190,575,782.52
Net increase from the funds borrowed	31,125,151.82	-
Net increase from repurchasing business financing	119,561,016.41	52,698,596.98
Refunds of taxes	1,127,935.24	949,748.36
Cash received relating to other operating activities	380,451,143.59	478,026,402.75
<b>Subtotal of cash inflows from operating activities</b>	<b>1,800,766,595.01</b>	<b>1,572,837,491.30</b>
Cash paid for goods purchased and services received	1,112,364,951.86	747,303,783.13
Cash paid for the interest, charges and commissions	14,220,956.45	25,354,431.73
Cash paid to/for staff and workers	205,921,911.77	196,187,807.79
Taxes payments	346,206,955.95	287,161,325.59
Other cash paid concerning from operating activities	1,784,941,725.37	592,061,796.91
<b>Subtotal of cash outflow arising from operating activities</b>	<b>3,463,656,501.41</b>	<b>1,848,069,145.16</b>
<b>Net cash flows from operating activities</b>	<b>(1,662,889,906.39)</b>	<b>(275,231,653.86)</b>
<b>II. Cash flows from investing activities</b>		
Cash received from investment payback	293,708,958.30	1,077,834,036.38
Cash received from investment income	77,163,648.07	48,673,568.08
Net cash received from disposal of fixed, intangible and other long-term assets	149,430.43	217,188.15
Net cash received from disposal of subsidiaries and other units	-	30,117.11
Other cash received concerning investing activities	173,730,739.12	488,767.06
<b>Subtotal of cash inflow from investing activities</b>	<b>544,752,775.93</b>	<b>1,127,243,676.79</b>
Cash paid for purchasing fixed, intangible and other long-term assets	126,176,597.80	59,938,707.60
Cash paid for investment	983,291,967.55	1,426,943,071.34
Net cash received from payment of subsidiaries and other business units	-	-
Other cash paid concerning investing activities	10,216,849.20	19,553,964.73
<b>Subtotal of cash outflow from investing activities</b>	<b>1,119,685,414.55</b>	<b>1,506,435,743.67</b>
<b>Net cash flows from investing activities</b>	<b>(574,932,638.62)</b>	<b>(379,192,066.88)</b>
<b>III. Cash flows from financing activities</b>		
Cash received from investor	287,112,862.85	3,097,579.30
Including: Cash received from minority shareholders' equity investment by subsidiaries	503.42	3,637,578.70
Proceeds from loans	6,358,001,754.03	3,975,476,976.74
Proceeds from issuance of bonds	-	-
Other cash received concerning financing activities	187,222,561.50	428.53
<b>Subtotal of cash inflows from financing activities</b>	<b>6,832,337,178.38</b>	<b>3,978,574,984.57</b>
Cash paid for settling debts	3,200,794,602.82	2,542,357,294.15
Cash paid for dividend and profit distributing or interest paying	887,949,248.68	649,114,022.71
Including: dividends or profit paid by subsidiaries to minority shareholders	77,768,132.13	13,391,222.41
Other cash paid concerning financing activities	481,783,905.52	147,325,265.35
<b>Subtotal of cash outflow from financing activities</b>	<b>4,570,527,757.01</b>	<b>3,338,796,582.21</b>
<b>Net cash flows from financing activities</b>	<b>2,261,809,421.37</b>	<b>639,778,402.36</b>
<b>IV. Influence on cash due to fluctuation in exchange rate</b>	<b>(1,794,866.13)</b>	<b>7,902.63</b>
<b>V. Net increase of cash and cash equivalents</b>	<b>22,192,010.22</b>	<b>(14,637,415.75)</b>
<b>Add: Balance of cash and cash equivalents</b>	<b>1,669,918,848.10</b>	<b>1,684,556,263.85</b>
<b>VI. Balance of cash and cash equivalents at the period-end</b>	<b>1,692,110,858.33</b>	<b>1,669,918,848.10</b>

The accompanying notes form an integral part of these financial statements.

Legal Representative:

Chief Financial Officer:

Chief Accountant:

**China Oceanwide Holdings Group Co., Ltd.**  
**Consolidated Statement of change in owner' equity**  
**For The Year Ended 31 December 2013**

Unit: USD

Items	Amount in 2013									
	Attributable to shareholders of the Company									
	Share capital	Capital reserve	Less: Treasury Stock	Surplus reserves	General risk reserve	Undistributed profit	Others	Translation reserve	Minority interests	Total equity
<b>I. Balance at the end of last year</b>	1,000,724,223.45	717,689,665.72	-	76,119,523.06	-	1,069,840,259.70	-	4,487,775.39	733,747,067.34	3,602,608,516.65
Add: Change of accounting policy	-	-	-	-	-	-	-	-	-	-
Correction of errors in previous period	-	-	-	-	-	-	-	-	-	-
Adjust to changes in fair value	-	-	-	-	-	-	-	-	-	-
Adjust under the same control combined increase subsidiary ending balance	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-
<b>II. Balance at the beginning</b>	1,000,724,223.45	717,689,665.72	-	76,119,523.06	-	1,077,680,242.11	-	4,487,775.39	734,037,680.24	3,610,739,111.96
<b>III. Increase/ decrease of amount in this year</b>	287,701,614.55	(76,126,262.86)	-	-	-	20,226,803.81	-	(4,654,513.24)	81,483,954.55	308,631,596.82
( I ) Total comprehensive incomes	-	-	-	-	-	20,226,803.81	-	-	59,696,831.75	79,923,635.56
( II ) Other comprehensive incomes	-	(74,964,110.86)	-	-	-	-	-	(4,654,513.24)	1,038,007.89	(78,580,616.21)
Subtotal of III ( 1 ) and ( 2 )	-	(74,964,110.86)	-	-	-	-	-	(4,654,513.24)	60,734,839.64	1,343,019.35
( III ) Capital increased and reduced by owners	287,701,614.55	(1,162,152.00)	-	-	-	20,226,803.81	-	-	45,022,030.11	331,561,492.66
1. Common shares increased by shareholders	287,701,614.55	-	-	-	-	-	-	-	45,142,497.86	332,844,112.41
2. Amounts of share-based payments recognized in owners' equity	-	-	-	-	-	-	-	-	-	-
3. Others	-	(1,162,152.00)	-	-	-	-	-	-	(120,467.75)	(1,282,619.75)
( IV ) Profit distribution	-	-	-	-	-	-	-	-	(24,272,915.20)	(24,272,915.20)
1. Withdrawing surplus public reserve	-	-	-	-	-	-	-	-	-	-
2. Drawing general risk	-	-	-	-	-	-	-	-	-	-
3. Distribution to all owners (shareholders)	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-
( V ) Forward of owners' equity	-	-	-	-	-	-	-	-	-	-
1. New increase of share capital from capital reserves	-	-	-	-	-	-	-	-	-	-
2. Convert surplus reserves to share capital	-	-	-	-	-	-	-	-	-	-
3. Surplus reserves make up losses	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-
<b>IV. Balance at the end of this period</b>	1,288,425,840.00	641,563,402.86	-	76,119,523.06	-	1,097,907,045.92	-	(166,737.85)	815,521,634.79	3,919,370,708.78

The accompanying notes form an integral part of these financial statements.

Legal Representative:

Chief Financial Officer:

Chief Accountant:

## Unit:USD

The accompanying notes form an integral part of these financial statements.

Chief Accountant:

## China Oceanwide Holdings Group Co., Ltd.

### Notes to Consolidated Financial Statement

As of Dec 31, 2013

#### Note I: Company Profile

China Oceanwide Holdings Group Co., Ltd. (The “Company”) is a limited liability company established under the approval by the State Administration of Industry and Commerce, obtained the “Enterprise Legal Person Business License” with the registration number of 1000001000773 from the Administration of Industry and Commerce on Apr 7, 1988, and was invested and established by three companies, including China Electronic Engineering Construction and Development Company, Chengdu Hongguang Industry Co., Ltd. and Shenzhen Libaijia Industry Co., Ltd., which had changes as follows later:

1. The Company’s registered capital was changed into USD 123.89 million on Jan 10, 2000, which was certified by Zhongdaanyong Certified Public Accountants Co., Ltd. through the Capital Verification Report of JZDYZ [2000] No.01. The Company had its “Enterprise Legal Person Business License” reissued, and its investors were changed into Shandong Oceanwide Group Co., Ltd., Guangcai Shiye Investment Group Co., Ltd. and China Electronic Engineering Corporation.
2. The Company’s registered capital was changed into USD 0.17 billion on May 22, 2002, which was certified by Zhongdaanyong Certified Public Accountants Co., Ltd. through the Capital Verification Report of JZDYZ [2002] No.Z01 on Mar 29, 2002. The Company had its “Enterprise Legal Person Business License” reissued, and its investors were changed into Shandong Oceanwide Group Co., Ltd. and Guangcai Shiye Investment Group Co., Ltd.
3. The name of the company was changed from China Oceanwide Holdings Co., Ltd. into China Oceanwide Holdings Group Co., Ltd., which was approved by the State Administration of Industry and Commerce on Oct 17, 2006. The company had its “Enterprise Legal Person Business License” reissued accordingly.
4. The Company’s registered capital was changed into USD 0.50 billion on Dec 22, 2006, which was certified by Beijing Jiarun Certified Public Accountants Co., Ltd. through the Capital Verification Report of JRYZ [2007] No.104. The Company had its “Enterprise Legal Person Business License” reissued, and its investors were changed into Oceanwide Group Co., Ltd. and Guangcai Shiye Investment Group Co., Ltd.
5. The Company’s registered capital was changed into USD 0.66 billion on Mar 30, 2007, which was certified by Beijing Xinghua Certified Public Accountants Co., Ltd. through the Capital Verification Report of JKXYZ [2007] No.2-003. The Company had its “Enterprise Legal Person Business License” reissued.
6. The Company’s registered capital was changed into USD 670,358,625.45 on Apr 30, 2009, which was certified by Beijing Xinghua Certified Public Accountants Co., Ltd. through the Capital Verification Report of JKXYZ [2009] No.2-010. The Company had its “Enterprise Legal Person Business License” reissued, and its investors were changed into Oceanwide Group Co., Ltd. Tonghai Holdings Co., Ltd. and Shanghai Huaxin Investment Co., Ltd.
7. The Company’s registered capital was changed into USD 1,000,724,225.45 on Sep 18, 2009, which was certified by Beijing Xinghua Certified Public Accountants Co., Ltd.

**CHINA OCEANWIDE HOLDINGS GROUP CO., LTD.  
FOR THE YEAR ENDED DECEMBER 31, 2013  
NOTES TO THE FINANCIAL STATEMENTS**

through the Capital Verification Report of JKXYZ [2009] No.2-022. The Company had its "Enterprise Legal Person Business License" reissued, and its investors were changed into Oceanwide Group Co., Ltd. and Tonghai Holdings Co., Ltd. (currently changed into Oceanwide Holdings Co., Ltd.).

The principal activities of the company described in business and license as: investment in science, technology, culture, education, real estate, infrastructure projects and industries; capital operation and assets management; hotel and property management; sales of telecommunication, office automation, architectural decoration materials and equipments (except those of national special government-granted monopoly); Consulting services relating to the foresaid areas.

8. The Company updated its business scope of business license in February, 2012, as: investment in science, technology, culture, education, real estate, infrastructure projects; capital operation and assets management; hotel and property management; conference and exhibition service; lease of commercial buildings, office buildings, and parking spaces; sales of telecommunication, office automation, architectural decoration materials and equipments (except those of national special government-granted monopoly); Consulting series relating to the foresaid areas

9. This company's registered capital was changed into USD 1.29 billion on Dec 25, 2013, which was certified by Beijing Xinghua Fuhua Certified Public Accountants Co., Ltd. through the Capital Verification Report of ZXHYZ [2013] No.2109016, and this company had its "Enterprise Legal Person Business License" reissued.

**Note II: Basis for preparation of financial statements**

1. The financial statements have been prepared on the going concern basis, according to the "Accounting Standards for Business Enterprises --- Basic Principle" and other accounting principles (hereunder referred to as "New Accounting Standards") to recognize and measure the actually occurred transactions and events

2. Statement of compliance

The financial statements have been prepared in accordance with the Requirement of Accounting standards for Business Enterprise. These financial statements present truly and completely the financial position of the company as at 31 December 2013, and the financial performance and the cash flow of the company for the year then ended

**Note III. Principal accounting policies and accounting estimates**

**1. Accounting policy**

The Company implements new Accounting Standards for Business Enterprises (ASBE).

**2. Accounting period**

The accounting year of the company is from 1 January to 31 December

**3. Functional currency**

The Company's functional currency is RMB.

**4. Accounting basis and pricing principle**

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The Company apply the accrual basis as the accounting basis, according to the related provisions in the new Accounting Standards for Business Enterprises. Except the trading financial assets, Available-for-sale financial assets, investment property which are measured in fair value, the other assets are measured in historical cost.

**5. Cash equivalent**

The Company and its subsidiaries consider the short term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value as cash equivalents, including short-term bond investment circulating in the securities market with mature date less than three months.

**6. Trading financial assets**

According to "ASBE No.22 – Recognition and Measurement of Financial Instruments", The Company classifies the bond investment held for trading purpose, stock investment, fund investment, etc. into trading financial assets.

Trading financial assets are measured initially at fair value, subsequent to initial recognition, which are measured at fair value, and changes therein are recognized in profit or loss

**7. Bad debt**

Recognition standard of bad debt:

- (1) The debtor goes bankruptcy or dies, after liquidating with its bankruptcy assets or legacy, the debt still couldn't be recovered;
- (2) The receivables that the debtor fails to fulfill repayment obligation and still couldn't be recovered for over three years.

The company assess the bad debt on an aging analysis as well as on an individual basis.

**8. Inventory**

The company applies "ASBE No.1 --- Inventory" to record inventory as:

- (1) Classification of inventory: development cost, finished product of development, semi-finished product, finished product, lease of developed product, material, low-value consumables, etc.
- (2) Initial recognition and cost of inventories transferred out:

Inventories are initially measured at cost. Except low-value consumables, which are amortized in full when they are used, the cost of other inventories transferred out is calculated using the weighted average method.

- (3) Inventory system: The perpetual inventory system is adopted

**9. Available-for-sale financial assets**

According to "ASBE No.22 --- Recognition and Measurement of Financial Instruments", Available-for-Sale financial assets are measured at fair value subsequent to initial recognition and changes therein are generally recognized in capital reserve.

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**10. Held-to-maturity investment**

According to “ASBE No.22 --- Recognition and Measurement of Financial Instruments”, held-to-maturity investment, are measured at amortized cost using the effective interest method.

**11. Long-term equity investment**

(1) According to “ASBE No.2 – Long-term Equity Investment”, the long-term Equity investment are initially measured at cost

(2) According to “ASBE No.2 --- Long-term Equity Investment”, long-term equity investment in subsidiaries are accounted for using the cost method, and makes adjustment to equity method when preparing consolidated financial statements. The company also use cost method for investments that don’t have joint control or significant influence, and don’t have quotation in active market, and the fair value couldn’t obtained reliably; An investment in a joint venture or an associate is accounted for using the equity method for subsequent measurement. The Company adopts cost method in accounting of the subsidiary companies included in the consolidating scope.

(3) The subsequent measurement of long-term equity investments comply with the related provisions in the “ASBE No.2 --- Long-term Equity Investment”.

**12. Investment property**

Based on the company’s board of directors’ resolution of [2007] No.22, and according to “ASBE No.3 --- Investment Property”, the company determined to classify the properties held either to earn rental income or for capital appreciation or both as investment property, and the subsequent measurement use fair value model.

No depreciation or amortization is provided for an investment property accounted for using the fair value model. The carrying amount of the investment property is adjusted to the balance sheet date and the fair value is determined on the appraisal report issued by appraising company.

**13. Fixed assets**

Complying with the “ASBE No.4 --- Fixed Assets” and integrating the company’s business characteristics:

(1) Standard of fixed assets: the tangible assets held for use in production of goods, in supply of services, rental to others, or for administrative purposes, and with useful lives over one accounting year.

(2) Fixed assets are initially measured at cost.

(3) Depreciation of fixed assets is calculated in straight-line method, and the estimated useful lives, residual value rates and depreciation rates of each class of fixed assets are as follows:

Class	Expected useful life	Residual value ratio	Annual depreciation rate
House and buildings	20-40 years	5%	2.38%-4.75%
Machinery and equipments	3-10 years	5%	9.50%-31.67%
Motor vehicles	3-11 years	5%	8.64%-31.67%

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Other equipments	3-10 years	5%	9.50%-31.67%
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#### 14. Construction in progress.

The cost construction in progress includes early preparation of construction, building projects under construction, installation projects, technical renovation projects, major repair projects, etc. The construction in progress will be transferred to fixed asset when it is ready for its intended use based on the actual cost incurred.

#### 15. Goodwill

Recognition of goodwill is in accordance with “ASBE No.20 --- Business Merger” as follows:

- (1) The initial cost of goodwill represents the excess of cost of acquisition over the acquirer’s interest in the fair value of the identifiable net assets of the acquirer under a business combination not involving enterprise under common control.
- (2) The difference between the cost of long-term equity investment from purchasing the fair value of the identifiable net assets of the subsidiary based on the newly obtained equity ratio is accounted as goodwill in the consolidated balance sheet.
- (3) The difference between the long-term equity investment cost increased from purchase of minority equity and the recognizable net asset fair value of the subsidiary company since the purchasing date (or merging date) to be entitled to based on the calculation of newly obtained equity ratio, except the part recognized as goodwill, is used to adjust the capital reserve in consolidated balance sheet, if the balance of capital reserve is insufficient to offset, the retained earning is adjusted.

At year end, the company allocates goodwill to the corresponding asset groups to perform impairment test. If the carrying amount of goodwill is above the estimated recoverable amount, impairment loss will be recognized through PIV. The impairment loss for goodwill is not reversed.

#### 16. Long-term deferred expenses

The expenses incurred by the company during the preparation is fully amortized in the first month when started to operation; the expense from lease of fixed assets for improvement is amortized during the whichever shorter period between the lease years and the useful life of leased assets; the other long-term deferred expenses is amortized within the benefit period.

#### 17. Borrowing costs

The recognition and measurement of borrowing costs in The Company is in accordance with “ASBE No.17 – Borrowing Costs”:

- (1) Borrowing costs incurred directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the asset. Other borrowing costs are recognized as financial expenses when incurred.
- (2) The capitalization period and the criteria for capitalization:

For the funds are borrowed specifically for the acquisition, construction or production of a qualifying asset, the incurred interest expense and converting difference of interests, discounts, or premium is, while meeting the following requirements, capitalized and accounted into the cost of such asset: ① Asset expenditure has already occurred;



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②Borrowing expense has already occurred; ③The building, purchasing or production activity to enable the assets to reach estimated usable or sellable state have already occurred. The other borrowing interest, discount or premium is accounted into current income or loss.

If the assets that meet capitalization requirements have abnormal interruption in purchasing, building or production process, and such interruption lasts for over 3 months, the capitalization of borrowing cost will be suspended, and recognize it as current expense until the purchasing, building or production activity of assets resumes.

When the purchased or built or produced assets meeting capitalization conditions meet the intended use, the capitalization of its borrowing cost will be stopped; the subsequent borrowing expenses will be recognized as expense in current period.

Auxiliary expenses incurred from arrangement of special borrowing, for those occurred before the purchased, built or produced assets meeting capitalization conditions reaches the intended use, will be capitalized at occurrence; the auxiliary expenses incurred in normal borrowing will be recognized as expense at current period of occurrence.

(3) The amount of interest to be capitalized as follows:

①For special borrowing made for purchasing, construction or producing the assets meeting capitalization conditions, the amount of actually incurred interest expense of special borrowing in current period deducting of the interest income of unused borrowing fund in bank or the investment earning obtained from temporary investment is recognized as the amount of interest of special loan to be capitalized.

②For occupation of normal borrowing to purchase, build or produce the assets meeting capitalization conditions, the enterprises shall, based on the weighted average of the assets of accumulated assets expenditure exceeding the special loan multiplying the capitalization rate of occupied normal borrowing, calculate the interest amount of normal borrowing to be capitalized. The capitalization rate is calculated and recognized based on weighted average interest rate of normal borrowing.

③The amount of interest capitalization in each accounting period shall not exceed the actually incurred interest amount of related borrowing in current period.

The amount of interest capitalization in each accounting period is calculated and recognized based on the weighted average and capitalization rate of the accumulated expenditure of fixed assets purchased and built as of the end of current period. But the capitalization amount of the amortization of interest, discount or premium shall not exceed the amortization amount of the actually incurred interest, discount or premium of special borrowing in current period.

## 18. Revenue recognition

The realization of revenue in The Company is in accordance with the related regulations in "ASBE No.14 – Revenue":

(1) For sales of goods significant risks and rewards of ownership of goods have been transferred to the buyer, the company retains, the related income has already received or obtained proof of payment receiving, the costs can be measured reliably revenue, the revenue will be recognized.

(2) For rendering of services (excluding long-term contract), the revenue will be recognized based on percentage of completion. When applying the percentage of completion approach, the total income of labor contract and completion degree of labor could be reliably recognized, the price payment relating to transaction could flow in, the already incurred cost and possible cost could be reliably measured.

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(3) For assignment of asset use right, the income from assignment of asset use right is recognized when meeting the conditions that the related economic interest probably flow in, and the amount of income could be reliably measured.

#### 19. Income tax

According to “ASBE No.18 – Income Tax”, the accounting method of income tax in The Company is calculated based on balance sheet liability method, meaning based on the calculation and recognition of current income tax (or payable income tax in current period) and deferred income tax expense (or earning), the sum of the two is recognized as income tax expense (or earning) in balance sheet, but excluding the income tax influence of the transaction or matter directly included into owner’s equity.

#### 20. Lease

Finance lease means the lease that essentially transfers the entire risks and compensations relating to asset ownership, its ownership eventually may be transferred, or may be not transferred. The leases except finance lease is operating lease.

(1) The Company records operating lease business as lessee

Rent expenditure of operating lease is, during each period of lease period, accounted into the related assets cost or current income or loss based on straight-line method. Initial direct expense is accounted into current income or loss. Contingent rent is accounted into current income or loss at actual occurrence.

(2) The Company records operating lease business as lesser

The rent income of operating lease is, during each period of lease period, recognized as current income or loss in straight-line method. The relatively high initial direct expense is capitalized at occurrence, and accounted into current income or loss during the entire lease period on the same basis as the one recognizing rent income; the other relatively low initial direct expenses is accounted into current income or loss at occurrence. Contingent rent is accounted into current income or loss at actual occurrence.

(3) The Company records finance lease business as the lessee

On the beginning date of lease period, the whichever lower between the fair value of leased assets on the beginning date of lease and the present value of minimum lease payment is used accounting value of leased assets, the minimum lease payment amount is used as accounting value of long-term payable, the difference shall serve as unrecognized financing expense. Besides, the initial direct expense that is occurred during lease negotiation and lease contract signing process, and attributable to lease project, shall also be accounted into leased asset value. The balance of minimum lease payment deducting of unrecognized finance expense is listed as long-term liability and long-term liability to mature within one year respectively.

For unrecognized finance expense, the current finance expense is calculated and recognized by adopting actual interest rate method during lease period. Contingent rent is accounted into current income or loss at actual occurrence.

(4) The Company records finance lease business as the lesser

On the beginning date of lease period, the sum of the minimum lease payment receipt on the lease beginning date and the initial direct expense is used as the accounting value of receivable finance lease amount, meanwhile, unsecured residual value shall also be recorded; the difference between the sum of minimum lease payment receipt, initial direct expense and unsecured residual value and the sum of it and its present value is recognized

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as unrealized finance earning. The residual amount of receivable finance lease payment deducting of the unrealized finance earning is listed as long-term creditor's right and long-term creditor's rights to mature within one year respectively.

For unrealized finance earnings, its finance income is calculated and recognized by adopting actual interest rate method during lease period. Contingent rent is accounted in current income or loss at actual occurrence.

## 21. Consolidated financial statement

The principle of consolidating financial statements is that for the subsidiary companies that their parent company holds over 50% of the total capital with voting rights in the invested company, or not holding over 50% of equities but having actual control, their financial statements will be consolidated.

The method is to use the financial statements (after adjustment in equity method) of The Company and the different subsidiary companies included into the scope of consolidation as the consolidating basis, at consolidation, the investments, businesses, inventory purchases and sales or other internal transactions and their unrealized profits of The Company and its subsidiary companies between each other will be eliminated and consolidated, besides, the income or loss of minority shareholder and equities of minority shareholders will be calculated.

According to the provision in "ASBE No.33 – Consolidated Financial Statement", the minority shareholder's equities and income or loss of minority shareholders that were independently listed in consolidated financial statement in originality is included into the scope of shareholder equity and net profit, and be listed as parts of shareholder equity and net profit.

## Note IV. Taxations

### 1. Major tax types and tax rates applicable to the Company:

Tax	Taxing basis	Tax rate
Value-added-tax ("VAT")	Taxable sales revenue	3%、13% or 17%
Business tax	Business revenue	5%
Urban maintenance and construction tax	Payable turnover tax	7%
Extra charges of education funds	Payable turnover tax	3%
Local extra charges of education funds	Payable turnover tax	2%
Land appreciation tax	Pre-sales income	1%
Corporate income tax	Taxable income	15%、22% or 25%
Property tax	70%-80% of original property value or lease income	1.2% or 12%

### 2. Individual income tax

Employees shall personally pay individual income tax withheld by this company on their behalf

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**Note V: Holding Subsidiary Company and Joint Venture Enterprise**

**1. Class I subsidiary companies included into the scope of consolidated financial statement:**

Name of subsidiary company	Registered place	Registered capital (USD 1.65 thousand)	Direct shareholding	Indirect shareholding	Business nature
Oceanwide Construction Holdings Co., Ltd.	Beijing	39,643.87	74.17%	25.83%	Real estate development
Oceanwide Construction Group Co., Ltd.	Beijing	75,278.95	73.67%	2.721%	Real estate development
Oceanwide Energy Investment Co., Ltd.	Beijing	33,036.56	80.00%	0.00%	Investment management
Minsheng Securities Co., Ltd.	Beijing	35,965.36	66.799%	6.20%	Securities business
Oceanwide Industry Co., Ltd.	Weifang	8,676.72	94.21%	0.00%	Investment management
Minsheng Investment Management Co., Ltd.	Qingdao	8,785.60	22.56%	0.00%	Investment management
Beijing Minsheng Pawn Co., Ltd.	Beijing	825.91	55.00%	45.00%	Pawn business
Minsheng Insurance Brokerage Co., Ltd.	Beijing	825.91	53.00%	47.00%	Insurance brokerage
Oceanwide Energy Investment Baotou Co., Ltd.	Baotou	8,259.14	100.00%	0.00%	Investment and development of energy and new energy
Shaanxi Jiuzhou Yinghong Industry Development Co., Ltd.	Xi'an	6,607.31	70.00%	0.00%	Real estate development and hotel management
Oceanwide Culture Media Holdings Co., Ltd.	Beijing	3,520.68	90.00%	0.00%	Investment management
Beijing Jingguan Xincheng Advertisement Co., Ltd.	Beijing	82.59	100.00%	0.00%	Advertisement business
China Oceanwide International Investment Co., Ltd.	Hong Kong	USD 199.8 million	100.00%	0.00%	Investment management
Oceanwide Green Energy Investment Co., Ltd.	Beijing	1,651.83	80.00%	0.00%	Investment management
China Minsheng Trust Co., Ltd.	Beijing	16,518.28	69.30%	0.00%	Trust business

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Name of subsidiary company	Registered place	Registered capital (USD 1.65 thousand)	Direct shareholding	Indirect shareholding	Business nature
Oceanwide International Investment (US) Co., Ltd.	US	USD 9.9 million	100.00%	0.00%	Investment management

**2. Notes to change of scope and equity ratio of consolidated financial statement**

In April, 2013, this company newly established a Class I subsidiary company: China Minsheng Trust Co., Ltd. and held 69.30% of its total equities; Oceanwide International Investment (US) Co., Ltd. and held 100% of its total equities, in April, 2013, the organizational structure of the foresaid companies have been determined, and their management personnel were in place, the company began to recognize such long-term equity investment, and included it into the consolidation scope in the third quarter report for the first time.

**Note VI. Change of Accounting Policy, Accounting Estimation and Correction of Major Accounting Error**

**1. Change of accounting policy and accounting estimation**

No change of accounting policy or accounting estimation was occurred during the reporting period of this company.

**2. Correction of major accounting error**

The company had no major accounting error during the early stage of reporting period

**Note VII. Notes to Main Items of Consolidated Financial Statement**

**1. Cash at bank and on hand**

Item	Ending balance	Beginning balance
Cash on hand	412,301.88	515,275.74
Bank deposit	1,523,311,491.15	1,508,373,315.05
Other monetary funds	187,554,409.80	83,601,949.17
Total	1,711,278,202.83	1,592,490,539.96

Note: Other monetary funds are mainly funds in securities accounts.

**2. Settlement reserve**

Ending balance	Beginning balance
157,361,633.07	157,260,399.83

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Note: They are all settlement reserve of Minsheng Securities Co., Ltd.

**3. Trading financial assets**

Item	Ending balance	Beginning balance
Bonds	304,642,826.99	193,514,856.15
Stock	69,468,505.35	85,566,587.61
Funds	7,883,887.20	30,968,778.49
Trust products	84,983,240.25	0.00
Finance products	34,688,388.00	0.00
Total	501,666,847.79	310,050,222.25

Note: They are mainly transactional financial assets of Minsheng Securities Co., Ltd. and China Minsheng Trust Co., Ltd.

**4. Accounts receivable**

(1) The aging analysis of accounts receivable is as follows:

Aging	Ending balance			Beginning balance		
	Amount	Provision for bad debts	Net amount	Amount	Provision for bad debts	Net amount
Within 1 year	182,489,687.70	8,933,314.94	173,556,372.76	70,829,817.11	3,282,888.15	67,546,928.97
1-2 years	4,159,470.84	192,453.18	3,967,017.66	2,264,992.79	108,578.61	2,156,414.18
2-3 years	616,694.32	29,244.01	587,450.31	326,241.86	16,988.37	309,253.49
Over 3 years	150,388.14	7,519.41	142,868.73	207,655.94	36,136.16	171,519.78
Total	187,416,241.00	9,162,531.54	178,253,709.46	73,628,707.70	3,444,591.28	70,184,116.42

(2) The top five units of receivables amount are as follows:

No.	Unit name	Relation with this company	Ending balance	Ratio in receivables	Aging	Cause of debt
1	Legal person I	Non-affiliated party	29,732,904.00	16.68%	Within 1 year	House sales payment
2	Legal person II	Non-affiliated party	15,036,755.47	8.44%	Within 1 year	House sales payment
3	Natural person I	Non-affiliated party	2,495,811.84	1.40%	Within 1 year	House sales payment

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4	Natural person II	Non-affiliated party	2,437,067.72	1.37%	Within 1 year	House sales payment
5	Legal person III	Non-affiliated party	2,390,058.34	1.34%	Within 1 year	House sales payment
	Total		52,092,597.37	29.23%	—	—

### 5. Advances to suppliers

(1) The aging analysis of advances to suppliers is as follows:

Aging	Ending balance		Beginning balance	
	Amount	Percentage of total amount of advance	Amount	Percentage of total amount of advance
Within 1 year	209,225,456.87	52.85%	106,908,226.27	30.25%
1-2 years	2,705,559.88	0.68%	9,322,165.00	2.63%
2-3 years	805,854.78	0.20%	5,136,491.31	1.45%
Over 3 years	183,172,999.07	46.27%	232,149,400.89	65.67%
Total	395,909,870.60	100.00%	353,516,283.47	100.00%

(2) The top five units of balances of advances to supplier are as follows:

No.	Advance	Relation with the company	Ending balance	Percentage of total amount of advance to suppliers	Aging	Reason of outstanding
1	Legal person I	Affiliated party	177,048,485.75	44.72%	Over 3 years	Project unsettled
2	Legal person II	Non-affiliated party	59,555,468.57	15.04%	Within 1 year	Project unsettled
3	Legal person III	Non-affiliated party	43,016,686.93	10.87%	Within 1 year	Project unsettled
4	Legal person IV	Non-affiliated party	41,295,700.00	10.43%	Within 1 year	Project unsettled
5	Legal person V	Non-affiliated party	34,688,388.00	8.76%	Within 1 year	Project unsettled
	Total		355,604,729.25	89.82%	—	—

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6. Other receivables

(1) The aging analysis of other receivables is as follows:

Aging	Ending balance			Beginning balance		
	Amount	Bad debt reserve	Net amount	Amount	Bad debt reserve	Net amount
Within 1 year	1,038,882,814.14	297,875.49	1,038,584,938.64	1,650,810,939.79	420,042.30	1,650,390,897.49
1-2 years	298,267,413.64	258,479.51	298,008,934.13	115,915,244.17	33,601.40	115,881,642.77
2-3 years	282,561,389.93	23,105.11	282,538,284.82	8,925,839.34	77,179.57	8,848,659.77
Over 3 years	247,675,920.43	28,237,630.07	219,438,290.35	241,191,223.00	28,237,147.91	212,954,075.09
Total	1,867,387,538.14	28,817,090.18	1,838,570,447.94	2,016,843,246.30	28,767,971.18	1,988,075,275.12

(2) The top five units of other receivables amount are as follows:

No.	Unit name	Relation with this company	Ending balance	Ratio in other receivables	Aging	Reason of outstanding
1	Legal person I	Affiliated party	481,028,020.40	26.16%	Within 1 year	Intercourse funds
2	Legal person II	Affiliated party	356,232,843.20	19.38%	Within 1 year	Intercourse funds
3	Legal person III	Non-affiliated party	176,808,604.96	9.62%	1-2 years	Equity transfer payment
4	Legal person IV	Non-affiliated party	78,975,191.28	4.30%	1-2 years	Equity transfer payment
5	Legal person V	Non-affiliated party	67,546,126.06	3.67%	2-3 years	Equity transfer payment
	Total		1,160,590,785.90	63.13%	—	—



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**7. Dividends receivable**

Ending balance	Beginning balance
26,373,085.85	32,438,561.62

Note: The adjustment of increase of USD 259,053.43 at the beginning balance was the bonus announced by Xi'an Lintong Qinling Scenery Zrea Tourism Bus Operation Co., Ltd. under the item of long-term equity investment of the Class-I subsidiary company, Shaanxi Jiuzhou Yinghong Industry Development Co., Ltd.

**8. Interest receivable**

Ending balance	Beginning balance
11,213,740.91	6,107,991.49

Note: It was mainly the interest of receivable bonds business of Minsheng Securities Co., Ltd.

**9. Refundable deposits**

Ending balance	Beginning balance
29,612,715.23	31,427,903.96

Note: It was the trading deposit paid by Minsheng Securities Co., Ltd. according to regulations

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10. Inventories

Item	Ending balance			Beginning balance		
	Book balance	Depreciation reserve	Book value	Book balance	Depreciation reserve	Book value
Development cost	4,526,200,044.94	0.00	4,526,200,044.94	3,499,974,156.91	0.00	3,499,974,156.91
Finished product developed	454,235,484.03	0.00	454,235,484.03	385,915,705.62	0.00	385,915,705.62
Inventories commodity	3,266,674.62	0.00	3,266,674.62	2,765,795.23	0.00	2,765,795.23
Finished products	3,413,990.32	417,708.21	2,996,282.11	6,509,264.46	170,179.85	6,339,084.61
Leased developed products	2,476,776.17	0.00	2,476,776.17	2,476,776.17	0.00	2,476,776.17
Inventories material	2,123,838.39	0.00	2,123,838.39	2,245,883.81	0.00	2,245,883.81
Products under production	2,815,731.75	0.00	2,815,731.75	884,516.97	0.00	884,516.97
Low-value consumables	235,417.92	0.00	235,417.92	231,152.60	0.00	231,152.60
Total	4,994,767,958.14	417,708.21	4,994,350,249.930	3,901,003,251.77	170,179.85	3,900,833,071.92

Note: The inventory with book value of USD 3,081,444,433.25 in the book value was used for guarantee

11. Other current assets

Ending balance	Beginning balance
963,567,048.94	52,236,706.32

Note: including the repurchase of sale of financial assets of USD 696,596,528.25 by Minsheng Securities Co., Ltd., margin borrowings of USD

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234,146,566.82, bank finance products of USD 24,011,513.07; Beijing Minsheng Pawn Co., Ltd. released borrowings and made advance payments of USD 7,488,391.93; Oceanwide Construction Group Co., Ltd. paid advance tax of USD 1,324,048.87.

12. Available-for-sale financial assets

Item	Ending fair value	Beginning fair value
Available-for-sale equity instruments	1,164,873,252.20	1,051,937,180.40
Available-for-sale bonds	6,747,472.78	2,765,021.58
Others	3,457,233.89	3,546,800.38
Total	1,175,077,958.87	1,058,249,002.36

Note: Among the afore-mentioned available-for-sale equity instruments, 698.836 million shares of equities of Minsheng Bank provided pledge for the loan of this company, and 7.20 million shares of equities of New Hualian Real Estate Co., Ltd. provided pledge for the loan of this company.

13. Long-term equity investment

Invested unit	Ending			Beginning		
	Book balance	Shareholding ratio	Accounting method	Book balance	Shareholding ratio	Accounting method
Guangxi Beibu Gulf Bank Co., Ltd.	54,510,324.00	7.20%	Cost method	54,510,324.00	7.20%	Cost method
Sichuan Jutong High-tech Development (Holdings) Co., Ltd.	14,868,480.74	14.04%	Cost method	14,868,480.74	14.04%	Cost method
Zhengzhou Bank Co., Ltd.	1,112,340.15	0.474%	Cost method	1,112,340.15	0.474%	Cost method
Neutral Color International Aluminum Oxide Development	427,184.48	5.00%	Cost method	427,184.48	5.00%	Cost method

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Invested unit	Ending			Beginning		
	Book balance	Shareholding ratio	Accounting method	Book balance	Shareholding ratio	Accounting method
Co., Ltd.						
Tianjin Saifu Entrepreneurial Investment Fund (Limited Partnership)	33,036,560.00	39.60%	Cost method	29,732,904.00	39.60%	Cost method
Mianyang Technology City Industrial Investment Fund	66,073,120.00	4.45%	Cost method	66,073,120.00	4.45%	Cost method
Dalian Wanda Commercial Real Estate Co., Ltd.	38,652,775.20	0.964%	Cost method	38,652,775.20	0.964%	Cost method
Beijing Hippies Information Technology Co., Ltd.	0.00	10.00%	Cost method	0.00	10.00%	Cost method
Shenzhen Jinmike Precision Technology Co., Ltd.	0.00	0.00%	Cost method	0	0.00%	Cost method
Xinneng Phoenix (Tengzhou) Energy Co., Ltd.	37,081,944.59	17.50%	Cost method	37,081,944.59	17.50%	Cost method
CITIC Industry Investment Fund Management Co., Ltd.	60,209,130.60	15.00%	Cost method	60,209,130.60	15.00%	Cost method
Northern Guomao Co., Ltd.	3,303.66	0.098%	Cost method	3,303.66	0.098%	Cost method
Hisense Industry Co., Ltd.	7,433.23	0.157%	Cost method	7,433.23	0.157%	Cost method
Qingdao Jiejing Co., Ltd.	2,642.92	0.151%	Cost method	2,642.92	0.151%	Cost method
Qingdao Liqueur Group Sanbaihui Commercial Building Co., Ltd.	3,303.66	0.20%	Cost method	3,303.66	0.20%	Cost method
Changbaishan International Tourism and Holiday Resort Development Co., Ltd.	18,983,932.09	4.67%	Cost method	18,983,932.09	4.67%	Cost method
Lenovo Holdings Co., Ltd.	652,173,430.41	20.00%	Equity method	584,082,918.17	20.00%	Equity method
Qingdao Shenghaiyuan Commodity Distribution Co., Ltd.	23,359.71	20.00%	Equity method	42,960.52	20.00%	Equity method

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Invested unit	Ending			Beginning		
	Book balance	Shareholding ratio	Accounting method	Book balance	Shareholding ratio	Accounting method
Xi'an Lintong District Qilong Scenery Area Tourism Bus Operation Co., Ltd.	1,255,498.62	49.00%	Equity method	743,424.53	49.00%	Equity method
Sanya Golden Beach Property Co., Ltd.	1,546,196.21	20.00%	Equity method	1,559,228.24	20.00%	Equity method
CITIC Industry Investment Fund (Hong Kong) Management Co., Ltd.	3,338,322.78	15.00%	Cost method	3,451,350.97	15.00%	Cost method
Western New Era Energy Investment Co., Ltd.	14,866,452.00	15.00%	Cost method	7,433,226.00	15.00%	Cost method
Anhui Yihe New Energy Technology Co., Ltd.	3,145,080.51	3.64%	Cost method	3,145,080.51	3.64%	Cost method
Shanghai Financial Development and Investment Fund	29,732,904.00	3.33%	Cost method	29,732,904.00	3.33%	Cost method
Xi'an Well Logan Energy Technology Co., Ltd.	4,491,025.82	5.25%	Cost method	4,164,405.75	4.87%	Cost method
Xi'an Triangle Aviation Technology Co., Ltd.	4,179,124.84	3.01%	Cost method	4,179,124.84	3.01%	Cost method
New Energy Mining Co., Ltd.	0.00	-	Cost method	35,679,484.80	3.00%	Cost method
Minsheng Blue Sky Holdings Co., Ltd.	4,955,484.00	5.2632%	Cost method	0.00	-	-
Minsheng E-commerce Co., Ltd.	14,866,452.00	6.00%	Cost method	0.00	-	-
Oceanwide Art Museum	4,955,484.00	100.00%	Cost method	0.00	-	-
Minsheng Advanced Study and Training College	1,651,828.00	16.67%	Cost method	0.00	-	-
Beijing Yingtaizhi Software Technology Development Co., Ltd.	2,708,997.92	6.54%	Cost method	0.00	-	-
Total	1,068,862,116.14	—	—	995,882,927.65	—	—

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Note: ①Per the “Contribution Agreement”, the partnership business executing right of Tianjin Saifu Entrepreneurial Investment Fund (limited partnership) shall be exercised by general partner, this company, as its limited partner, shall not participate in its operation and management, so this company will not account it in equity method;

②The equities used for pledge in long-term equity investment are the equities of Lenovo Holdings Co., Ltd. owned by this company, involving USD 19,905,026.09 of Lenovo equities; the equities of Guangxi Beibu Gulf Bank Co., Ltd. owned by this company involved 180 million shares;

③The beginning balance was increased by USD 743,424.54 due to the increased profit from Xi'an Lintong District Qinling Scenery Area Tourism Bus Operation Co., Ltd. 's acceptance of government appropriation recognized in equity method.

**14. Membership futures investment**

Item	Ending book balance	Beginning book balance
Zhengzhou Commodity Exchange	66,073.12	66,073.12
Shanghai Futures Exchange	82,591.40	82,591.40
Dalian Commodity Exchange	82,591.40	82,591.40
Total	231,255.92.00	231,255.92.00

Note: It was from Minsheng Futures Co., Ltd., a subsidiary company of Minsheng Securities Co., Ltd.

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15. Investment properties

Item	Beginning balance	Increase in current period	Decrease in current period	Ending balance
I. Total of original price	727,676,810.91	89,026,058.99	0.00	816,702,869.9
Houses and buildings	727,676,810.91	89,026,058.99	0.00	816,702,869.9
II. Total of fair value changes	887,165,527.11	223,194,233.22	0.00	1,110,359,760.33
Houses and buildings	887,165,527.11	223,194,233.22	0.00	1,110,359,760.33
III. Provision	0.00	0.00	0.00	0.00
Houses and buildings	0.00	0.00	0.00	0.00
IV. Total of book value	1,614,842,338.02	312,220,292.21	0.00	1,927,062,630.23
Houses and buildings	1,614,842,338.02	312,220,292.21	0.00	1,927,062,630.23

Note: The investment property with book value of USD 1,761,389,777.52 in ending balance was used for mortgage.

16. Fixed assets and their accumulated depreciation

Type	Beginning book balance	Increase in current period	Decrease in current period	Ending book balance
I. Total of original prices	278,653,085.10	65,533,575.16	6,712,557.62	337,472,797.87
Houses and buildings	139,665,902.65	1,627,444.04	2,153,220.04	138,563,539.57
Power and general equipments	24,509,532.21	2,062,597.77	650,835.20	26,255,804.19
Office devices and equipments	43,368,467.98	9,487,060.36	3,623,660.99	51,358,776.47
Fixed assets of finance lease	63,637,586.72	51,032,243.71	0.00	114,669,830.43
Others	7,471,595.54	1,324,229.29	284,841.39	6,624,847.20
II. Total of accumulated depreciation	98,296,084.32	26,579,578.08	3,910,399.56	120,963,958.06
Houses and buildings	41,713,625.15	6,647,658.76	136,639.49	48,219,044.69
Power and general equipments	13,814,962.93	2,112,472.14	490,289.97	15,233,608.90
Office devices and equipments	27,189,595.11	5,913,484.44	3,016,031.05	31,013,412.80
Fixed assets of finance lease	11,562,949.52	11,136,770.66	0.00	22,699,720.18

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Type	Beginning book balance	Increase in current period	Decrease in current period	Ending book balance
Others	4,014,951.60	769,192.08	267,439.05	3,798,171.50
III. Accumulation of depreciation reserve:	3,278,878.58	0.00	0.00	3,278,878.58
Houses and buildings	3,278,878.58	0.00	0.00	3,278,878.58
Power and general equipments	0.00	0.00	0.00	0.00
Office devices and equipments	0.00	0.00	0.00	0.00
Fixed assets of finance lease	0.00	0.00	0.00	0.00
Others	0.00	0.00	0.00	0.00
IV. Total of book value:	177,078,122.20	38,953,997.08	2,802,158.06	213,229,961.22
Houses and buildings	94,673,398.92	(5,020,214.72)	2,016,580.56	87,065,616.30
Power and general equipments	10,694,569.28	(49,874.37)	160,545.23	11,022,195.29
Office devices and equipments	16,178,872.87	3,573,575.92	607,629.94	20,345,363.68
Fixed assets of finance lease	52,074,637.20	39,895,473.05	0.00	91,970,110.25
Others	3,456,643.94	555,037.21	17,402.34	2,826,675.71

Note: The fixed assets of USD 5,906,331.89 of book value in ending balance were used for mortgage

**17. Construction in progress**

Project name	Ending balance	Beginning balance
1. Software progress payment and decoration expense of Minsheng Securities	783,379.43	1,127,572.23
2. Coal mine and coal chemical project of Baotou Energy Company	40,028,536.46	24,836,341.76
3. Qinhuangdao hotel and theatre project of Jiuzhou Yinghong Company	42,194,342.14	30,942,163.57
4. Decoration project of Weifang Oceanwide Grand Hotel	213,271.50	332,500.60
Total	83,219,529.53	57,238,578.16

**18. Goodwill**



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Ending balance	Beginning balance
139,387,426.54	76,469,744.95

Note: in which the circulation right for equity separation generated USD 22,612,991.94, the enterprises not under same control or purchased minority equities, the part of purchasing cost higher than the recognizable net assets' fair value obtained generated USD 130,925,626.91 in total (in which the increase of China Minsheng Trust Co., Ltd. generated USD 62,917,681.59), provision was USD 14,151,192.31.

#### 19. Deferred tax assets

Item	Ending book balance	Beginning book balance
1. Provisions for Impairment Loss on Assets	3,399,971.62	1,641,751.81
2. Change of fair value	2,113,645.30	28,738.93
3. Coverage of loss before tax	20,299,118.66	18,757,845.31
4. Depreciation reserve of long-term investments	403,936.36	403,936.36
5. Amortization of long-term deferred expenses	0.00	0.00
6. Depreciation reserve of fixed assets	819,719.65	819,719.65
7. Depreciation reserve of goodwill	102,842.40	102,842.40
8. Unrealized profit	39,444,224.07	20,486,606.93
9. Depreciation reserve of available-for-sale financial assets	38,613,277.49	0.00
10. Temporary difference from advance provisioning of land VAT		22,735,176.22
11. Temporary difference generated from advance provisioning	26,083,143.51	8,951,251.22
Total	131,279,879.04	73,927,868.83

Note: Oceanwide Industry Co., Ltd. adjusted the beginning balance: the coverage of loss before tax was reduced by USD 581,602.02.

#### 20. Short-term borrowings

Type of borrowings	Ending balance	Beginning balance
Guaranteed borrowings	39,805,751.14	35,438,317.91
Mortgaged borrowings	0.00	3,551,430.20
Pledged borrowings	493,221,666.01	587,723,109.61
Guaranteed and pledged borrowings	0.00	11,562,796.00

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Type of borrowings	Ending balance	Beginning balance
Mortgaged and pledged borrowings	166,008,714.00	165,182,800.00
Bank borrowings	0.00	2,797,551.60
Credit borrowings	0.00	0.00
Total	699,036,131.15	806,256,005.32

Note: USD 54.51 million of borrowings was made from Zhongrong International Trust Co., Ltd., pledged guarantee was made with the self-owned 120 million shares of equities of Oceanwide Construction Group Co., Ltd.;

Borrowing of USD 34.52 million was made from Sichuan Trust Co., Ltd., in which pledged guarantee was made with the self-owned USD 64.59 million of equities of Oceanwide Energy Investment Co., Ltd., and Oceanwide Group Co., Ltd. provided guaranteed security;

Borrowing of USD 16.52 million was made from China Zheshang Bank Beijing Branch, in which pledged guarantee was made with the self-owned 5.29 million of equities of Oceanwide Construction Group Co., Ltd., and Oceanwide Group Co., Ltd. provided guaranteed security;

Borrowing of USD 99.11 million was made from Ping An Trust Co., Ltd., in which pledged guarantee was made with the self-owned USD 3.92 million of equities of Lenovo Holdings Co., Ltd.;

Borrowing of USD 51.87 million was made from Zhongrong International Trust Co., Ltd., in which pledged guarantee was made with the self-owned USD 2.35 million of equities of Lenovo Holdings Co., Ltd.;

②Class I subsidiary of this company, Oceanwide Industry Co., Ltd. lent USD 17.84 million to Weifang Bank Operation Department, in which this company provided guaranteed security;

Borrowed USD 13.21 million from Weifang Bank Operation Department, in which Oceanwide Energy Investment Co., Ltd. provided guaranteed security.

③Class I subsidiary of this company, Oceanwide Energy Investment Co., Ltd. lent USD 18.17 million to Zhongrong International Trust Co., Ltd., in which pledged guarantee was made with its self-owned 43.6070 million shares of equities of New Hualian Real Estate Co., Ltd.;

Borrowing of USD 42.12 million was made to Zhongrong International Trust Co., Ltd., in which pledged guarantee was made with its self-owned 120 million shares of equities of Oceanwide Construction Group Co., Ltd.;

④Class I subsidiary of this company, China Oceanwide International Investment Co., Ltd. lent USD 76.81 million to Haitong International Finance Co., Ltd., in which pledged guarantee was made with its self-owned 28 million shares of equities of DCU; and lent USD 10.90 million to BOC International Co., Ltd..

⑤Class II subsidiary of this company, Shenzhen Oceanwide Sanjiang Electronic Co., Ltd. lent USD 2.48 million to Ping An Bank Co., Ltd. Wuzhou Branch, in which mortgage was made with the subsidiary company's fixed assets and investment property;

Borrowed USD 4.13 million from Bank of China Nanyou Branch, in which its subsidiary company provided guaranteed security, as of the reporting date, USD 2.48 million of such borrowing has been repaid;

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Borrowed USD 2.97 million from China Merchants Bank Shenzhen New Era Branch, in which its subsidiary company provided guaranteed security, as of the reporting date, such borrowing has been fully repaid;

⑥ Class II subsidiary of this company, Zhejiang Oceanwide Construction Investment Co., Ltd. lent USD 0.17 billion to CITIC Bank Shengfu Road Branch, in which mortgage and pledge were made with the subsidiary company's inventory and fixed deposit receipt, such borrowing has been repaid;

⑦ Class II subsidiary of this company, Wuhan Central Business District Construction Investment Co., Ltd. lent USD 107.37 million to Fudian Bank Kunming High-tech Branch, in which its subsidiary company provided credit guarantee.

## 21. Accounts payable

(1) Detailed account age analysis of accounts payable;

Account age	Ending balance		Beginning balance	
	Amount	Proportion in total amount	Amount	Proportion in total amount
Within 1 year	266,343,370.72	81.52%	181,136,043.47	88.72%
1-2 years	49,133,263.54	15.04%	15,861,389.14	7.77%
2-3 years	7,921,008.54	2.42%	4,351,184.42	2.13%
Over 3 years	3,318,312.82	1.02%	2,828,665.30	1.39%
Total	326,715,955.62	100.00%	204,177,282.33	100.00%

(2) Significant account payables aged over one year;

No.	Unit name	Ending balance	Reason for not being settled	Remarks
1	Legal person I	11,045,149.26	Advance provisioning of project payment	USD 5,847,471.12 of payment after maturity
2	Legal person II	5,438,592.15	Advance provisioning of project payment	USD 759,710.91 of payment after maturity
3	Legal person III	4,524,278.35	Advance provisioning of project payment	
4	Legal person IV	4,073,515.22	Advance provisioning of project payment	
5	Legal person V	2,733,250.53	Advance provisioning of project payment	USD 1,355,009.24 of payment after maturity
	Total	27,814,785.51	—	

## 22. Advances from customers

(1) Detailed account age analysis of advances from customers:

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Account age	Ending balance		Beginning balance	
	Amount	Proportion in total amount	Amount	Proportion in total amount
Within 1 year	130,763,810.18	91.80%	65,826,953.79	93.72%
1-2 years	9,546,663.52	6.70%	3,297,975.26	4.70%
2-3 years	1,412,190.63	0.99%	780,814.32	1.11%
Over 3 years	718,479.15	0.51%	331,442.37	0.47%
Total	142,441,143.48	100.00%	70,237,185.74	100.00%

Note: the US Company increased the beginning balance by USD 1,377.74.

(2) In which the house payments received in advance are as follows:

No.	Project name	Ending balance	Beginning balance	Estimated completion date	Pre-sale ratio
1	Beijing Oceanwide International Residential Area Project #5, #6, #7, #8	260,988.82	313,847.32	Completed	99.84%
2	Shenzhen Oceanwide Rafi Garden – Phase 2	759,014.97	5,715,411.27	Completed	94.22%
3	Wuhan CBD Oceanwide International Residential Area - Yinghai Garden – Phase 1	2,711,812.30	1,272,772.95	Completed	98.44%
4	Wuhan CBD Oceanwide International Residential Area - Yinghai Garden – Phase 2	9,255,881.10	6,999,973.82	Completed	62.47%
5	Wuhan CBD Oceanwide International SOHO City Building 1,2,7,8	40,330,117.17	17,747,890.52	Completed	72.11%
6	Wuhan CBD Oceanwide International Residential Area - Yuehai Garden	17,551,331.41	20,982,218.81	Completed	92.08%
7	Wuhan China Merchants Bank New Building	40,965,334.40		June, 2015	
8	Wuhan CBD Oceanwide City Square - Zhuhai Garden	5,246,962.43		December, 2014	29.14%
9	Wuhan CBD Wuhan Center - Lanhai Garden	1,404,053.80		Completed	4.50%
	Total	118,485,496.40	53,032,114.69	—	—

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**23. Other payables**

(1) Detailed account age analysis of Other payables :

Account age	Ending balance		Beginning balance	
	Amount	Proportion in total amount	Amount	Proportion in total amount
Within 1 year	285,847,386.92	54.87%	560,367,093.48	74.25%
1-2 years	147,162,938.49	28.24%	100,835,816.72	13.37%
2-3 years	15,920,556.26	3.06%	41,655,255.94	5.52%
Over 3 years	72,062,130.21	13.83%	51,679,633.13	6.86%
Total	520,993,011.88	100.00%	754,537,799.27	100.00%

Note: Shaanxi Jiuzhou Yinghong Industry Development Co., Ltd. increased the beginning amount by USD 572,915.24.

(2) The top five units in the amount of other payables are as follows:

No.	Unit name	Ending balance	Proportion in other payables	Aging	Reason of outstanding
1	Accrued land valued-added-tax	110,434,745.25	10.73%	Within 1 year	Accrued taxes
2	Legal person I	55,902,261.01	21.19%	1-2 years	Equity transfer payment
3	Legal person II	27,592,763.68	5.30%	Within 1 year	Provisioning of interest
4	Legal person III	18,520,782.16	3.55%	1-2 years	Equity transfer payment
5	Legal person IV	24,777,420.00	4.75%	Over 3 years	Intercourse funds
	Total	237,227,972.10	45.52%	—	—

**24. Financial assets sold for repurchase**

Ending balance	Beginning balance
898,617,603.72	73,836,711.60

**25. Funds for agency trading of securities**

Ending balance	Beginning balance
533,397,872.55	634,643,392.05

Note: All of them belonged to Minsheng Securities Co., Ltd.

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**26. Currency deposit payable**

Ending balance	Beginning balance
55,466,938.60	50,949,296.02

Note: All of them belonged to Minsheng Securities Co., Ltd.

**27. Employees benefits payable**

Item	Beginning balance	Increase in current period	Payment in current period	Ending balance
I. Salary, bonus, allowance and subsidy	27,644,191.81	175,141,475.95	172,697,056.64	29,265,001.01
II. Employee welfare expense	495,348.82	2,202,726.93	2,685,902.73	11,975.08
III. Social insurance	(168,592.90)	26,828,130.96	26,450,860.60	217,698.13
IV. Housing fund	(465,965.46)	11,941,337.81	11,775,093.47	(299,721.12)
V. Union expense and employee education expense	9,577,813.64	5,151,374.37	2,991,643.15	11,737,544.85
VI. Non-monetary welfare	0.00	9,016.21	9,016.21	0.00
VII. Termination benefits	0.00	22,284.73	22,284.73	0.00
VIII. Others	91,402.29	290,280.90	298,070.46	74,790.01
Total	9,669,215.93	221,586,627.86	216,929,927.99	11,812,334.86

**28. Taxes payable**

Tax	Ending balance	Beginning balance
Business tax	19,868,480.84	16,320,396.83
Urban maintenance and construction tax	1,467,686.12	1,202,188.32
Corporate income tax	87,826,447.11	58,907,536.56
Property tax	652,208.93	635,179.76
VAT	214,920.18	(244,889.47)
Land VAT	81,636,896.06	109,029,404.44
Land use tax	118,562.10	112,896.01
Stamp duty	120,167.83	136,476.42
Individual income tax	1,708,330.60	1,997,658.43
Consumption tax	35,617.45	38,844.24

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Tax	Ending balance	Beginning balance
Other taxes	1,423,256.90	1,160,301.75
Total	195,072,574.12	112,475,581.29

Note: Shaanxi Jiuzhou Yinghong Industry Development Co., Ltd. increased the beginning balance of turnover tax by USD 4,507.87; China Oceanwide Holdings Group Co., Ltd. increased the beginning balance of VAT by USD 32.36.

**29. Interests payable**

Ending balance	Beginning balance
17,413,568.43	34,459,899.04

**30. Dividends payable**

Ending balance	Beginning balance
2,802,789.00	3,045,483.22

Note: in which this company has USD 2,725,516.20 of payables to Oceanwide Holdings Co., Ltd.; USD 77,272.80 of dividends payable to Class I subsidiary company, Minsheng Securities Co., Ltd., USD 67,715.62 payable to Henan Garden Group Co., Ltd. and USD 9,557.18 payable to other shareholders.

**31. Non-current Liabilities due within one year**

Type of borrowing	Ending balance	Beginning balance
Mortgaged borrowings	109,681,379.20	1,486,645.20
Guaranteed borrowings	330,365.60	198,219,360.00
Mortgaged borrowings	923,371,852.00	805,755,751.82
Guaranteed and mortgaged borrowings	248,076,484.52	51,454,442.20
Trust borrowings	0.00	0.00
Guaranteed and pledged borrowings	0.00	115,627,960.00
Non-registered corporate bonds	527,662,326.35	0.00
Total	1,809,122,407.67	1,172,544,159.22

Note: ①This company borrowed USD 57.81 million from Bohai International Trust Co., Ltd., pledged guarantee was made with the self-owned 115.6 million shares of equities of Oceanwide Construction Group and the self-owned 115.03 million shares of equities of Minsheng Securities Co., Ltd., as of the reporting date, such borrowing has been repaid;

This company borrowed USD 0.19 billion from Bohai International Trust Co., Ltd.,

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pledged guarantee was made with the self-owned 120 million shares of equities of China Minsheng Bank Co., Ltd. and the self-owned 150 million shares of equities of Oceanwide Construction Group and USD 59.20 million of equities of Minsheng Securities Co., Ltd., as of the reporting date, such borrowing has been repaid;

This company borrowed USD 123.89 million from Bohai International Trust Co., Ltd., pledged guarantee was made with the self-owned 417.95 million shares of equities of Oceanwide Construction Group, as of the reporting date, such borrowing has been repaid;

This company borrowed USD 42.95 million from Jiangxi International Trust Co., Ltd., pledged guarantee was made with the self-owned 120 million shares of equities of Oceanwide Construction Group;

This company borrowed USD 84.24 million from Zhongrong International Trust Co., Ltd., pledged guarantee was made with the self-owned 240 million shares of equities of Oceanwide Construction Group;

This company borrowed USD 42.95 million from China Zheshang Bank Beijing Branch, pledged guarantee was made with the self-owned USD 34.90 million of equities of Minsheng Securities Co., Ltd., and the USD 22.30 million of equities of Minsheng Securities Co., Ltd. held by Class I subsidiary company, Oceanwide Energy Investment Co., Ltd., and individual guarantee was made by Lu Zhiqiang;

This company borrowed USD 137.10 million from Beijing International Trust Co., Ltd., in which pledged guarantee was made with the self-owned 433.605 million shares of equities of Oceanwide Construction Group;

This company borrowed USD 82.59 million from Ping An Trust Co., Ltd., in which pledged guarantee was made with the self-owned USD 3,638,759.04 of equities of Lenovo Holdings Co., Ltd.;

This company borrowed USD 41.30 million from Ping An Trust Co., Ltd., in which pledged guarantee was made with the self-owned USD 1,819,379.36 of equities of Lenovo Holdings Co., Ltd.;

This company borrowed USD 47.90 million from Sichuan Trust Co., Ltd., in which pledged guarantee was made with the self-owned 119,981,400 shares of equities of Minsheng Investment Co., Ltd.;

This company borrowed USD 42.95 million from Sichuan Trust Co., Ltd., in which pledged guarantee was made with the self-owned 136.40 million shares of equities of Oceanwide Construction Group;

②Class II subsidiary company of this company, Wuhan Wangjiadun Central Business District Construction & Investment Co., Ltd. borrowed USD 1.49 million from Bank of Communications Jiangnan Branch, pledged guarantee was made with inventory of the subsidiary company, as of the reporting date, USD 0.33 million of such borrowing has been repaid;

Borrowed USD 4.79 million from China Merchants Bank Hanyang Branch, in which mortgage and security were made with the inventory of the subsidiary company and the Class I subsidiary company, Oceanwide Construction Group;

Borrowed USD 0.33 million from Hankou Bank Qiaokou Branch, in which security was made with the guarantee of Class II Subsidiary Company, Oceanwide Construction Group, as of the reporting date, USD 0.17 million of such borrowing has been repaid;

Borrowed USD 79.09 million from China Cinda Assets Management Co., Ltd. Hubei Branch, in which mortgage and security were made with the inventory of the subsidiary company and guarantee of the Class I subsidiary company, Oceanwide Construction Group;



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Borrowed USD 16.52 million to Ping An Bank Wuhan Branch, in which guarantee and security were made with the inventory of subsidiary company and guarantee of Class I subsidiary company.

③Class II subsidiary company of this company, Beijing Oceanwide Dongfeng Property Co., Ltd. borrowed USD 66.07 million from New Era Trust Co., Ltd., in which guarantee was made with inventory of the subsidiary company;

④Class II subsidiary company of this company, Oceanwide Construction Group Qingdao Co., Ltd. borrowed USD 25.60 million from Xingye International Trust Co., Ltd., in which mortgage and security were made with inventory of the subsidiary company and guarantee of the Class I subsidiary company;

⑤Class II subsidiary company of this company, Zhejiang Oceanwide Construction Investment Co., Ltd. borrowed USD 164.19 million from Ping An Trust Co., Ltd., in which mortgage and security were made with inventory of the subsidiary company and guarantee of the Class I subsidiary company;

⑥ The non-registered corporate bonds are the 32 million shares of bonds issued by Class II subsidiary company of this company, Oceanwide Construction Group Co., Ltd., on Nov 13, 2009 approved by China Securities Regulatory Commission in the ZJFXZ [2009] No.16 Document, in the combined method of open issuing to the public investors and agreement issuing to institutional investors, each bond had face value of USD 16.52, or USD 0.53 billion in total. Such bonds have period of 5 years and face interest rate of 7.2%, which will remain unchanged during the existing period of bonds, provisioned in single interest on annual basis, and no compound interest will be accrued, China Oceanwide provided full and irrevocable joint liability guarantee for such bonds. These bonds were listed at Shenzhen Stock Exchange since Dec 18, 2009, the funds raised from issuing bonds shall be used to supplement the company's working capital.

### 32. Other current liabilities

Ending balance	Beginning balance
34,661,397.73	695,822.98

### 33. Long-term borrowings

Type of borrowings	Ending balance	Beginning balance
Pledged borrowings	1,722,526,238.40	971,274,864.00
Pledged and mortgaged borrowings	76,810,002.00	85,069,142.00
Mortgaged borrowings	2,787,872,707.00	1,236,641,032.20
Guaranteed and mortgaged borrowings	545,119,595.37	1,595,188,469.71
Guaranteed borrowings	846,892,215.60	0.00
Total	5,979,220,758.37	3,888,173,507.91

Note: ① Borrowed USD 76.81 million from Kunlun Trust Co., Ltd., in which guarantee was made with the self-owned 257.3872 million shares of Oceanwide Industry Co., Ltd., mortgaged security with the building and land use right of Shandong Chamber of

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Commerce Building, and guaranteed security by Shandong Qilu Chamber of Commerce Building Co., Ltd.

Borrowed USD 0.41 billion from Zhongrong International Trust Co., Ltd., in which mortgaged security was made with the self-owned Block B, D and E of Minsheng Financial Center;

Borrowed USD 74.33 million from Bohai International Trust Co., Ltd., in which pledged guarantee was made with self-owned 150 million shares of equities of Minsheng Bank, as of the reporting date, such borrowing has been repaid;

Borrowed USD 97.46 million from Sichuan Trust Co., Ltd., in which pledged guarantee was made with self-owned 166 million shares of equities of Minsheng Bank;

Borrowed USD 0.17 billion from Sichuan Trust Co., Ltd., in which pledged guarantee was made with self-owned 769.67 million shares of equities of Minsheng Securities Co., Ltd.;

Borrowed USD 77.64 million from Sichuan Trust Co., Ltd., in which pledged guarantee was made with self-owned 180 million shares of equities of Beibu Gulf Bank;

Borrowed USD 0.19 billion from Zhongrong International Trust Co., Ltd., in which pledged guarantee was made with self-owned 488 million shares of equities of Oceanwide Construction Group;

Borrowed USD 0.24 billion from Jianxin Trust Co., Ltd., in which pledged guarantee was made with self-owned USD 9.83 million of equities of Lenovo Holdings;

Borrowed USD 0.23 billion from CITIC Trust Co., Ltd., in which pledged guarantee was made with self-owned 262.836 million shares of equities of Minsheng Bank;

Borrowed USD 0.17 billion from Minmetals Trust Co., Ltd., in which pledged guarantee was made with self-owned 400 million shares of equities of Oceanwide Construction Group;

Borrowed USD 0.29 billion from Jilin Trust Co., Ltd., in which pledged guarantee was made with self-owned 702.76 million shares of equities of Oceanwide Construction Group;

Borrowed USD 0.59 billion from Huaxin International Trust Co., Ltd., in which mortgaged guarantee was made with self-owned Block C of Minsheng Financial Center;

Borrowed USD 0.25 billion from Ping An Trust Co., Ltd., in which mortgaged guarantee was made with self-owned Block A of Minsheng Financial Center;

②Class II subsidiary company of this company, Wuhan Wangjiadun Central Business District Construction Investment Co., Ltd., borrowed USD 0.66 billion from China Construction Bank Co., Ltd. Hubei Branch Operation Department, in which mortgage was made with inventory of the subsidiary company, as of the reporting date, USD 140.41 million of such borrowing has been repaid;

Borrowed USD 107.37 million from Ping An Bank Wuhan Branch, in which mortgage was made with inventory of the subsidiary company;

Borrowed USD 11.15 million from Bank of Communications Co., Ltd. Wuhan Jiangnan Branch, in which mortgage was made with inventory of the subsidiary company;

Borrowed USD 107.30 million from China Merchants Bank Jiangyang Branch, in which mortgage and security were made with inventory of the subsidiary company and guarantee of the Class I subsidiary company;

Borrowed USD 107.37 million from Fudian Bank Kunming High-tech Branch, in which mortgage was made with inventory of the subsidiary company;

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Borrowed USD 0.83 billion from Lujiazui International Trust Co., Ltd., in which security was made with guarantee of the Class I subsidiary company;

Borrowed USD 20.98 million from Hankou Bank Qiaokou Branch, in which security was made with guarantee of the Class I subsidiary company;

Borrowed USD 66.07 million from Ping An Bank Wuhan Branch, in which mortgage and security were made with inventory of the subsidiary company and guarantee of the Class I subsidiary company;

Borrowed USD 0.17 billion from Sichuan Trust Co., Ltd., in which mortgage and security were made with inventory of the subsidiary company and guarantee of the Class I subsidiary company;

③ Class II subsidiary company of this company, Tonghai Construction Co., Ltd., borrowed USD 0.17 billion from Agricultural Bank of China, in which mortgage and security were made with inventory of the subsidiary company and guarantee of the Class I subsidiary company;

④ Class II subsidiary company of this company, Beijing Xinghuo Real Estate Development Co., Ltd., borrowed USD 0.20 billion from Goutou Trust Co., Ltd., in which mortgaged security was made with inventory;

Borrowed USD 0.19 billion from China Cinda Assets Management Co., Ltd., in which pledged guarantee was made with 100% equities held by the Class I subsidiary company, Oceanwide Construction Group with equity amount of USD 0.25 billion;

Borrowed USD 125.54 million from Daye Trust Co., Ltd., in which mortgaged security was made with real estate;

⑤ Class II subsidiary company of this company, Beijing Oceanwide Dongfeng Property Co., Ltd., borrowed USD 0.25 billion from Sichuan Trust Co., Ltd., in which mortgage was made with inventory of the subsidiary company;

Borrowed USD 82.59 million from Beijing Bank's Development Loan Program, in which mortgage was made with inventory of subsidiary company;

⑥ Class II subsidiary company of this company, Shenzhen Guangcai Property Co., Ltd., borrowed USD 40.97 million from Ping An Bank Shenzhen Head Office Operation Department, in which mortgage and security were made with inventory of the subsidiary company and guarantee of the Class I subsidiary company;

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**34. Bonds payable**

Type	Face value	Issuing date	Period	Issuing amount	Beginning interests payable	Ending interests payable	Ending balance
11 China Oceanwide Bond	462,511,840.00	2011.12.13	6/10 years	462,511,840.00	0.00	0.00	462,511,840.00

Note: China Oceanwide Bonds were publicly issued by the company under the approval of FGCJ [2011] No.2713 Document by National Development and Reform Commission, and was issued on Dec 13, 2011 by adopting the combined method of open issuing to domestic institutional investors through the issuing branches set by underwriting members and the agreement issuing to institutional investors at Shanghai Stock Exchange. These bonds had period of 6 years, attached with the option of increasing book interest rate at the end of 3<sup>rd</sup> year and the option of repurchase by investor, and the option of increasing book interest rate at the end of 5<sup>th</sup> year during the 10 year period, and the option of repurchase by investor (Type II). The issuing scale of Type I was USD 0.30 billion, the issuing scale of Type II was USD 0.17 billion. This issue of bonds adopted the form of fixed interest rate. Type I of these bonds had book interest rate of 8.80% in the first three years of existing period, Type II of these bonds had book interest rate of 8.90% in the first five years of existing period. These bonds had the face value of USD 16.52, and the amount of funds to be raised was USD 0.46 billion, in which USD 0.32 will be used in the Twelfth National Winter Games Branch Site, Fusong Changbaishan Mountain International Skiing Center project, USD 49.55 million will be used to repay bank borrowings, and USD 92.50 million will be used in supplementing the company's operating fund.

**35. Deferred tax liabilities**

Item	Ending book balance	Beginning book balance
Change of fair value	435,933,322.97	434,860,790.47
Increase of value in evaluation	51,659,955.10	1,152,534.59
Total	487,593,278.07	436,013,325.06

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36. Accrued liabilities

Ending balance	Beginning balance
225,966.44	330,365.60

Note: Compensation of assets loss of collective program estimated by Minsheng Securities Co., Ltd.

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37. Shareholders' equity

(1) Share capital

Investor's name	Beginning balance		Increase in current period	Decrease in this period	Ending balance	
	Investment amount	Proportion			Investment amount	Proportion
Oceanwide Group Co., Ltd.	967,687,665.45	96.70%	0.00	0.00	1,255,389,280.00	97.43%
Oceanwide Holdings Co., Ltd.	33,036,560.00	3.30%	0.00	0.00	33,036,560.00	2.57%
Total	1,000,724,225.45	100.00%	0.00	0.00	1,288,425,840.00	100.00%

(2) Capital reserve

Item	Amount
I. Balance at the end of last year	717,689,665.72
Plus: Others	0.00
Correction of errors in previous period	0.00
II. Beginning balance of this year	717,689,665.72
Add: capital premium	(1,162,152.00)
Other changes of owner's equity besides net income or loss of invested unit	9,993,937.31
Gain or loss generated from change of fair value of available-for-sale financial assets	(84,958,048.17)
III. Ending balance of this year	641,563,402.86

(3) Surplus reserve

Item	Beginning balance	Increase in this year	Decrease in this year	Ending balance
Legal surplus	75,047,133.72	0.00	0.00	75,047,133.72
Discretionary surplus reserve	1,072,389.33	0.00	0.00	1,072,389.33
Total	76,119,523.05	0.00	0.00	76,119,523.05

(4) Undistributed profit

Item	Amount
I. Ending balance of previous year	1,069,840,259.70

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Item	Amount
Add: Correction of previous error	7,839,982.41
Adjust under the same control combined increase subsidiary ending balance	0.00
Others	0.00
II. Balance at the beginning	1,077,680,242.11
Add: net profit	20,226,803.81
Profit distribution	0.00
III. Ending balance in this year	1,097,907,045.92

Note: ①The amount of influence of the beginning balance of Oceanwide Industry Co., Ltd. on the owner's equity includes: beginning balance of undistributed profit was reduced by USD 581,602.02. The amount of influence on the company's consolidated financial statement includes: the beginning balance of undistributed profit decreased by USD 547,927.26; the beginning equities of minority shareholders decreased by USD 33,674.76.

②The amount of influence of the beginning balance of Shaanxi Jiuzhou Yinghong Industry Development Co., Ltd. on the owner's equity includes: beginning balance of undistributed profit was increased by USD 1,080,958.85. The amount of influence on the company's consolidated financial statement includes: the beginning balance of undistributed profit increased by USD 756,671.20; the beginning equities of minority shareholders increased by USD 324,287.66.

③The amount of influence of the beginning balance of China Oceanwide Head Office on the owner's equity includes: beginning balance of undistributed profit was increased by USD 32.36.

④ The amount of influence of the beginning balance of Oceanwide Construction Holdings Co., Ltd. on the owner's equity includes: the surplus reserve increased by USD 82,361.01, the beginning undistributed profit increased by USD 741,249.09. The amount of influence on the company's consolidated financial statement includes: the beginning undistributed profit increased by USD 823,610.10;

⑤ Oceanwide International Investment (US) Co., Ltd. adjusted the beginning balance, the beginning balance of undistributed profit decreased by USD 1,377.74;

⑥ Oceanwide Construction Holdings Co., Ltd. adjusted the beginning balance, the amount of influence on the company's consolidated balance includes: the beginning undistributed profit increased by USD 6,808,973.75.

(5) Translation reserve

Ending balance	Beginning balance
(166,737.85)	4,487,775.39

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**(6) Minority interests**

Ending balance	Beginning balance
815,521,634.79	734,037,680.24

**38. Revenue**

Item	Amount in this period	Amount in previous period
Real estate industry	907,020,891.77	669,497,846.97
Financial and insurance industry	239,387,842.11	167,615,959.71
Lease industry	79,302,348.70	66,708,991.38
Commerce	119,729,881.25	113,974,660.74
Trade of materials	0.00	0.00
Hotel service industry	12,204,521.45	17,191,291.25
Property management	25,851,439.95	23,376,184.55
Advertisement industry	16,895,960.58	20,033,025.55
Others	6,573,579.78	2,194,522.01
Total	1,406,966,465.59	1,080,592,482.16

**39. Costs of operation**

Item	Amount in this period	Amount in previous period
Real estate industry	385,948,562.07	267,066,557.98
Financial and insurance industry	539,004.81	94,336.34
Lease industry	462,807.71	418,487.20
Commerce	90,955,288.03	86,418,867.02
Trade of materials	0.00	0.00
Hotel service industry	4,778,684.49	6,454,821.78
Property management	31,277,108.92	29,103,416.84
Advertisement industry	11,236,522.17	12,569,480.73
Others	1,143,093.09	830,736.69
Total	526,341,071.29	402,956,704.58



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40. Finance costs

Item	Amount in this period	Amount in previous period
Net interest expense	479,570,631.05	448,873,475.27
Financial consultation expense, etc.	26,220,047.13	41,153,785.76
Handling fee and others	727,708.14	7,227,141.28
Total	506,518,386.32	497,254,402.31

41. Impairment loss

Item	Amount in this period	Amount in previous period
Provision for bad-debts	5,687,079.86	136,508.90
Provision for depreciation of inventories	247,528.36	51,272.51
Loss on depreciation of available-for-sale financial assets	0.00	0.00
Loss on goodwill impairments	0.00	0.00
Total	5,934,608.22	187,781.41

42. Gains from changes in fair value

Item	Amount in this period	Amount in previous period
I. Trading financial assets		
Stock	(4,386,636.74)	19,416,183.64
Bonds	(9,634,888.19)	1,523,127.16
Fund	(260,871.41)	1,175,242.35
II. Investment property	223,296,871.01	257,594,500.56
Total	209,014,474.67	279,709,053.71

43. Investment income

Item	Amount in this period	Amount in previous period
Long-term equity investment	97,510,901.03	128,695,628.22
Trading financial assets	23,097,938.30	12,660,856.87
Held-to-maturity investment	1,425,605.53	0.00
Available-for-sale financial assets	41,632,773.24	58,410,738.62
Total	163,667,218.10	199,767,223.71

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**44. Non-operating income**

Item	Amount in this period	Amount in previous period
Income from waste disposal	4,054.59	14,554.52
Penalty, compensation and fine	1,754.18	86,731.83
Income from disposal of non-current assets	99,490.02	107,314.68
Tax rebate and other government subsidies	6,380,298.42	3,035,027.71
Un-payable payables	42,418,659.41	60.25
Others	1,876,521.23	591,224.59
Total	50,780,777.85	3,834,913.58

**45. Non-operating expenses**

Item	Amount in this period	Amount in previous period
Net loss from disposal of non-current assets	231,853.47	644,361.75
Violation expenditure, compensation, fine and late money	578,308.02	3,726,212.40
Sponsorship and donation expenditure	39,750,956.71	8,349,660.17
Others	265,721.98	772,025.20
Total	40,826,840.18	13,492,259.52

**46. Income tax expenses**

Item	Amount in this period	Amount in previous period
I. Current income tax expense	131,841,034.19	80,642,240.66
II. Deferred income tax expense	(2,765,691.55)	23,327,286.33
Total	129,075,342.64	103,969,526.99

**47. Other comprehensive incomes attributable to Shareholders of the company**

Item	Amount in this period	Amount in previous period
1. Amount of gain (loss) from Available-for-sale financial assets	(85,668,232.77)	244,800,542.72

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Item	Amount in this period	Amount in previous period
Less: influence on income tax generated from available-for-sale financial assets	(2,508,998.82)	57,221,335.75
Net amount of transferred-in income or loss accounted in other comprehensive income in previous period	1,798,814.22	3,486,981.72
Subtotal	(84,958,048.17)	184,092,225.25
2. Shares entitled to in other comprehensive income of the invested unit calculated in equity method	10,177,437.28	(39,682,063.94)
Less: Influence on income tax generated from shares entitled to in other comprehensive income in the invested unit calculated in equity method	183,499.97	0.00
Net amount of current transferred-in income or loss accounted in other comprehensive income in early stage	0.00	52,826,623.50
Subtotal	9,993,937.31	(92,508,687.44)
3. Gain (or loss) generated from cash flow hedge instrument	0.00	0.00
Less: Influence on income tax generated from cash-flow hedge instrument	0.00	0.00
Net amount of current transferred-in income or loss accounted in other comprehensive income in early stage	0.00	0.00
Adjustment amount transferred as initial confirmation amount of hedged item	0.00	0.00
Subtotal	0.00	0.00
4. Translation reserve of financial statement in foreign currency	(4,654,513.24)	6,019,052.86
Less: Net amount of disposal of foreign operation transferred into income or loss in current period	0.00	0.00
Subtotal	(4,654,513.24)	6,019,052.86
5. Others	0.00	0.00
Less: Influence on income tax generated from others accounted into comprehensive income	0.00	0.00
Net amount of others accounted into transferred-in income or loss of other comprehensive income or loss in previous period	0.00	0.00
Subtotal	0.00	0.00
Total	(79,618,624.10)	97,602,590.67

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48. Notes to cash flow statement

	Supplementary material	Amount in this period	Amount in previous period
1、	Adjustment of net profit into cash flow of operational activities:	—	—
	Net profit	79,923,635.56	76,680,464.02
	Add: Preparation for impairment of assets	5,922,303.48	187,781.41
	Depreciation of fixed assets	26,272,851.23	20,522,855.49
	Amortization of intangible assets	1,589,457.93	1,240,620.99
	Amortization of long-term unamortized expenses	3,913,832.52	3,718,456.22
	Loss from disposal of fixed assets, intangible assets and other long-term assets (fill “-” for income)	192,658.68	18,290.39
	Loss on retirement of fixed assets (fill “-” for income)	5,373.80	518,756.68
	Loss on change of fair value (fill “-” for income)	(209,014,474.67)	(279,709,053.71)
	Financial expense (fill “-” for income)	494,398,330.68	499,296,431.69
	Investment loss (fill “-” for income)	(130,475,842.80)	(187,938,172.03)
	Deferred tax assets (fill “-” for increase)	(57,351,864.37)	(61,639,668.85)
	Increase of deferred tax liabilities (fill “-” for decrease)	54,128,212.82	(67,587,254.51)
	Decrease of inventory (fill “-” for increase)	(685,835,439.87)	(458,399,179.98)
	Decrease of operational receivables (fill “-” for increase)	(3,098,283,689.22)	(1,331,690,463.74)
	Increase of operational payables (fill “-” for decrease)	1,975,849,614.48	1,507,772,671.71
	Others	(124,124,866.64)	1,775,810.37
	Net cash flows from operating activities	(1,662,889,906.39)	(275,231,653.86)
2、	Investment and financing activities not involving cash income and expenditure:	—	—
	Conversion of debt into capital	0.00	0.00
	convertible bonds due within one year	0.00	0.00
	Fixed assets under financing lease	0.00	0.00
3、	Changes of cash and cash equivalent:	—	—
	Ending balance of cash	1,692,110,858.33	1,669,918,848.10
	Less: Beginning balance of cash	1,669,918,848.10	1,684,556,263.85
	Add: Ending balance of cash equivalent	0.00	0.00

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Supplementary material	Amount in this period	Amount in previous period
Less: Beginning balance of cash equivalent	0.00	0.00
Net increase of cash and cash equivalent	22,192,010.22	(14,637,415.75)

**49. Cash and cash equivalent**

	Item	Amount in this period	Amount in previous period
I.	Cash	1,692,110,858.33	1,669,918,848.10
	Including: Cash on hand	412,301.88	515,275.74
	Bank deposits available for payments at any time	1,523,311,505.24	1,508,373,315.05
	Other monetary funds available for payments at any time	11,025,418.13	3,769,857.48
	Settlement reserve available for payments at any time	157,361,633.07	157,260,399.83
II.	Cash equivalent	-	0.00
	Including: Bonds investment due within three months	-	0.00
III.	Balance of cash and cash equivalents at the period-end	1,868,639,835.90	1,749,750,939.79
	Including: Use of restricted cash and cash equivalent by parent company or subsidiary company in group	28,558,321.33	79,832,091.69

**Note VIII. Relation and Transactions of Affiliated Parties**

**1. Relations of affiliated parties**

(1) Affiliated parties with controlling relations

Enterprise name	Registered address	Main business	Relation with this company	Economic nature	Legal representative
Oceanwide Group Co., Ltd.	Weifang, Shandong	Investment management, etc.	Parent company	Limited liability	Lu Zhiqiang

Note: For more details about Class I subsidiary company, please refer to Note V. 1

(2) Shares held (or equities) by affiliated party with controlling relation and its changes

Enterprise name	Beginning		Increase in current period	Decrease in this period	Ending	
	Amount	Proportion			Amount	Proportion
Oceanwide Group Co., Ltd.	967,687,665.45	96.70%	0.00	0.00	1,255,389,280.00	97.43%

**CHINA OCEANWIDE HOLDINGS GROUP CO., LTD.**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**  
**NOTES TO THE FINANCIAL STATEMENTS**

**(3) Affiliated parties without controlling relations**

Enterprise name	Relation with this company
Oceanwide Holdings Co., Ltd.	Non-controlling shareholder
Changxin Capital Investment Management Co., Ltd.	Same final controlling shareholder
China Minsheng Bank Co., Ltd.	Affiliated natural person serving as the company's vice board chairman
Lenovo Holdings Co., Ltd.	Affiliated natural person serving as the company's director

**2. Related-party transaction**

(1) This company and its affiliated parties determine transaction prices on market fair value in transactions

**(2) Related-party transactions**

① Equity transaction: there was no related-parties equity transactions to be disclosed during the reporting period.

② Acceptance of guarantee: for more details, please refer to Note VII 20, 31, 33

③ Balance of payables and receivables of affiliated parties

Name of affiliated party	Economic content	Ending balance
Oceanwide Group Co., Ltd.	Advance payment	177,048,485.75
Oceanwide Group Co., Ltd.	Other receivables	481,028,020.40
Changxin Capital Investment Management Co., Ltd.	Other receivables	356,232,843.20
Oceanwide Holdings Co., Ltd.	Other receivables	1,701,481.11

**Note IX. Significant contingencies as at balance sheet date**

1、 For more details about the provision of guarantees by this company and its subsidiary companies of different levels to each other, please refer to Note VII 20, 31, 33.

2、 Oceanwide Xinhua, Beijing Guangcai, Shenzhen Guangcai and Wuhan Company, based on operating practice of real estate industry, provide the buyer of commodity house with mortgage loan guarantee, as of Dec 31, 2013, the accumulated balance was USD 0.26 billion, in which the amount of staged guarantee was USD 0.26 billion.

**Note X. Commitments**

1. As of Dec 31, 2013, the agreed and signed (mainly engineering construction) but unpaid capital project expenditure by this company was USD 0.67 billion.

2. Based on the office site and operational land lease contract signed between this company and subsidiary company and the lesser, the payable rents in the future are as follows:

CHINA OCEANWIDE HOLDINGS GROUP CO., LTD.  
FOR THE YEAR ENDED DECEMBER 31, 2013  
NOTES TO THE FINANCIAL STATEMENTS

Residual lease period	Minimum lease payment
1. Within 1 year (Including 1 year)	8,817,211.96
2. 1-2 years (Including 2 years)	6,980,426.19
3. 2-3 years (Including 3 years)	4,489,599.50
4. Over 3 years	635,199.47
Total	20,922,437.11

**Note XI. Subsequent events after the balance sheet date**

**1. Important events after the balance sheet date**

1) Oceanwide Construction Group Co., Ltd. held the second interim meeting of the 8<sup>th</sup> Board of Directors on Feb 19, 2014 and made resolution that the company plans to transfer the held 50% of the equities of Oceanwide Construction Hotel Management Co., Ltd., after the completion of such equity transfer, the hotel management company will no longer be included in the scope of consolidation.

2) Oceanwide Construction Group Co., Ltd. held the first interim shareholders meeting of 2014 and made resolution that the company shall provide joint liability guaranteed security for the trust loan of USD 125.54 million that Xinghuo Company obtained from Daye Trust Co., Ltd. for the Beijing Oceanwide International Residential Project.

3) Oceanwide Construction Group Co., Ltd. held the second interim shareholders meeting of 2014 and made resolution that the company shall provide joint liability guaranteed security for the debt restructuring of USD 99.11 million between Dongfeng Company and China Cinda Assets Management Co., Ltd. Beijing Branch.

4) Oceanwide Construction Group Co., Ltd. held the second meeting of the 8<sup>th</sup> Board of Directors on Mar 27, 2014 and made the resolution that the non-affiliated directors of the company unanimously agreed that the company shall acquire no more than 72.999% of equities (in which China Oceanwide holds 66.799% of equities of Minsheng Securities and Oceanwide Energy holds 6.20% of equities of Minsheng Securities) of Minsheng Securities Co., Ltd. (hereunder referred to as "Minsheng Securities") held by China Oceanwide Holdings Group Co., Ltd. (hereunder referred to as "China Oceanwide") and Oceanwide Energy Investment Co., Ltd. (hereunder referred to as "Oceanwide Energy"), and agreed that the company shall sign the "Agreement on Intention of Equity Acquisition by Minsheng Securities Co., Ltd.". 5. Based on the resolution of the second meeting of the 8<sup>th</sup> Board of Directors of the company on Mar 27, 2014, it was agreed that this company's wholly-owned subsidiary, Oceanwide Construction Group Investment Co., Ltd. shall participate in the subscription of the equities of China Minsheng Investment Co., Ltd. (hereunder referred to as "CMI"), the total equities subscribed shall not exceed 1 billion shares (the initial issuing price of CMI is USD 0.17 per share).

**2. Notes to profit distribution after balance sheet date**

Oceanwide Construction Group Co., Ltd. made resolution on the second meeting of the 8<sup>th</sup> Board of Directors on Mar 27, 2014 that the profit of 2013 shall be based on the company's current total equities of 4,557,311,768 shares, cash dividends of USD 0.25 (tax included) shall be distributed for every 10 shares. The plan of foresaid profit distribution shall be submitted to the company's shareholders meeting of 2013 for review.

**CHINA OCEANWIDE HOLDINGS GROUP CO., LTD.**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**Note XII. Other significant matters**

The company has no other significant matters to be disclosed in current period.



**China Oceanwide Holdings Group Co., Ltd.**

**Auditors' Report**

**For the Year Ended December 31, 2012**

The exchange rate used to convert all RMB figures in this document into USD figures is 1 RMB: 0.1605059 USD (as of December 31, 2012).

**ZHONGLEI CERTIFIED PUBLIC ACCOUNTANTS CO.,LTD.**

**CHINA OCEANWIDE HOLDINGS GROUP CO., LTD.**

**AUDITORS' REPORT**

**(2013) ZHONGLEI (AUDITING B) NO.0355**

**BEIJING CHINA**

**CHINA OCEANWIDE HOLDINGS GROUP CO., LTD.,**  
**AUDITORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2012**

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Client: CHINA OCEANWIDE HOLDINGS GROUP CO., LTD.,  
Auditor: ZHONGLEI CERTIFIED PUBLIC ACCOUNTANTS CO.,LTD.,  
Tel: (010) 51120373  
Fax: (010) 51120377  
E-mail Address: zl-cpa@263.net

## **Auditor's Report (Translation)**

**ZXH (2013) NO.BJ00355**

**To shareholders of China Oceanwide Holding Group Co., Ltd:**

We have audited the accompanying financial statements of China Oceanwide Holding Group Co., Ltd(hereinafter referred to as "the Company") , which comprise the consolidated Balance Sheet as at 31 December 2012, and the consolidated Income Statement, consolidated Cash Flow Statement and the consolidated Statement of Changes in Owner's Equity for the year then ended, and notes to the financial statements.

### **1. The responsibility of the Company's management**

Management of the Company is responsible for the preparation and fair presentation of these financial statements. This responsibility includes: (1) preparing the financial statements in accordance with Accounting Standards for Business Enterprises to achieve fair presentation of the financial statements; (2) designing, implementing and maintaining internal control that is necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

### **2. Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Chinese Certified Public Accountants Auditing Standards. Those standards require that we comply with the Code of Ethics for Chinese Certified Public Accountants and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of an entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### 3. Opinion

In our opinion, the financial statements of the Company present fairly, in all material respects, the consolidated financial position of the Company as at 31 December 2012, and their operating results and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

ZHONGLEI Certified Public  
Accountants CO., LTD.

Chinese Certified Public Accountant:

Beijing, China

Chinese Certified Public Accountant:

20 June, 2013

The auditors' report, financial statements and the accompanying notes to the financial statements are English translations of the Chinese auditors' report, financial statements and the accompanying notes. For avoidance of doubt, in case of inconsistencies as to the presentations of these documents, the Chinese version shall prevail

**China Oceanwide Holdings Group Co., Ltd.**  
**Consolidated Balance Sheet**  
**31 December 2012**

Unit:USD

ASSETS	Note VII	31-Dec-12	31-Dec-11
<b>Current asset</b>			
Cash at bank and on hand	1	1,547,401,589.98	1,519,560,670.79
Settlement reserve	2	152,807,810.56	120,268,848.93
Trading financial assets	3	301,271,621.31	186,595,084.39
Notes receivable		243,968.97	45,744.18
Accounts receivable	4	68,196,959.80	35,221,468.39
Advance to suppliers	5	343,507,007.05	251,895,421.10
Interests receivable	8	5,935,052.99	3,234,487.50
Dividends receivable	7	31,268,394.31	3,627,433.34
Refundable deposits	9	30,538,070.61	28,551,109.38
Other receivables	6	1,931,148,611.36	1,564,830,084.03
Inventories	10	3,783,770,722.49	3,240,030,902.57
Non-current assets within one year			-
Other current assets	11	50,757,703.35	3,609,007.26
<b>Total current assets</b>		<b>8,246,847,512.78</b>	<b>6,957,470,261.86</b>
<b>Non-current assets:</b>			
Available-for-sale financial assets	12	1,028,286,289.79	786,983,795.48
Held-to-maturity investments		17,655,649.00	-
Long-term account receivable			-
Long-term equity investments	13	966,963,640.11	1,287,524,384.02
Membership futures investment	14	224,708.26	224,708.26
Investment properties	15	1,569,120,530.85	1,318,788,738.45
Fixed assets	16	172,064,424.23	174,770,907.17
Construction in progress	17	55,617,954.79	41,928,364.29
Biological assets		53.77	-
Disposal of fixed assets		-	310.37
Intangible assets		19,075,658.73	18,187,905.97
Project goods and material		-	471,961.82
Goodwill	18	74,304,620.31	74,304,620.31
Long-term Prepaid and deferred expenses		16,829,199.92	18,638,435.87
Deferred income tax assets	19	72,399,848.40	12,506,380.38
Other Non-current assets		378,398,009.45	-
<b>Total non-current liabilities</b>		<b>4,370,940,587.60</b>	<b>3,734,330,512.40</b>
<b>Total Assets</b>		<b>12,617,788,100.39</b>	<b>10,691,800,774.26</b>

The accompanying notes form an integral part of these financial statements.

Legal Representative:

Chief Financial Officer:

Chief Accountant:

**China Oceanwide Holdings Group Co., Ltd.**  
**Consolidated Balance Sheet**  
**31 December 2012**

Unit: USD

Liabilities & Equity	Note VII	31-Dec-12	31-Dec-11
<b>Current Liabilities :</b>			
Short-term loans	20	783,428,091.57	1,683,477,367.56
Trading financial liabilities		-	-
Notes payable		1,348,249.56	1,267,996.61
Accounts payable	21	198,396,312.81	163,241,915.75
Advances from customers	22	68,247,187.82	33,490,382.82
Financial Assets Sold for Repurchase	24	71,746,137.30	19,260,708.00
Funds for agency trading of securities	25	616,674,428.69	588,789,867.44
Currency Deposit Payable	26	49,506,744.12	42,462,528.67
Employee benefits payable	27	36,121,667.25	27,389,171.35
Taxes and surcharges payable	28	183,932,016.06	117,645,352.07
Interest payable	29	33,484,219.36	5,027,174.01
Dividends payable	30	2,959,254.99	2,959,254.99
Other payable	23	732,617,513.93	625,576,107.26
Non-current Liabilities due within one year	31	1,139,345,352.94	907,339,852.70
Other current liability	32	676,121.81	676,011.74
<b>Total current liabilities</b>		<b>3,918,483,298.21</b>	<b>4,218,603,690.98</b>
<b>Total non-current liabilities:</b>			
Long-term borrowings	33	3,778,085,782.80	1,821,997,811.40
Bonds payable	34	961,200,343.08	960,326,551.76
long-term accounts payable		35,420,053.75	44,851,923.64
Special payable		3,210.12	-
Accrued liabilities	36	321,011.80	321,011.80
Deferred tax liabilities	35	423,668,270.26	302,610,268.43
<b>Total non-current liabilities</b>		<b>5,198,698,671.80</b>	<b>3,130,107,567.03</b>
<b>Total liabilities</b>		<b>9,117,181,970.01</b>	<b>7,348,711,258.01</b>
<b>Shareholders' equity</b>			
Share capital	37	972,390,239.52	972,390,239.52
Capital reserve	37	697,369,373.31	608,493,816.63
Less: Treasury Stock		-	-
Surplus reserve	37	73,964,314.42	73,964,314.42
Retained earnings	37	1,039,549,358.28	1,004,544,752.88
Translation reserve	37	4,360,710.85	(1,487,921.67)
<b>Total equity attributable to shareholders of the company</b>		<b>2,787,633,996.38</b>	<b>2,657,905,201.78</b>
Non-controlling interests	37	712,972,134.00	685,184,314.46
<b>Total shareholder's equity</b>		<b>3,500,606,130.38</b>	<b>3,343,089,516.24</b>
<b>Total Liabilities &amp; Equity</b>		<b>12,617,788,100.39</b>	<b>10,691,800,774.26</b>

The accompanying notes form an integral part of these financial statements.

Legal Representative:

Chief Financial Officer:

Chief Accountant:

**China Oceanwide Holdings Group Co., Ltd.**  
**Consolidated Income Statement**  
**31 December 2012**

Unit: USD

ITEM	Note VII	Year2012	Year2011
<b>I .Revenue</b>	<b>38</b>	<b>1,049,997,147.90</b>	<b>704,375,617.82</b>
Including: Operating revenue		887,594,790.07	509,404,775.59
Net interest income		20,133,851.26	21,398,634.74
Fees and commissions net income		142,268,506.57	173,572,207.49
<b>II . Total Cost of operations</b>		<b>1,330,975,186.51</b>	<b>898,154,358.49</b>
Including: Cost of operations	39	391,547,597.74	265,031,157.29
Business taxes and surcharges		166,459,052.32	78,827,588.61
Selling and distribution expenses		37,933,609.47	32,547,323.89
Administrative expenses		251,677,062.85	239,218,374.60
Finance costs	40	483,175,399.46	281,155,120.37
Impairment loss	41	182,464.66	1,374,793.74
Add:Gain/(loss) form changes in fair value	42	271,789,516.85	263,394,867.11
Investment income	43	194,111,118.30	127,706,630.40
Including: income from investment in associates and joint ventures		81,314,080.13	31,306,318.11
Exchange income(loss column with "-")		(3,522.67)	(71,955.22)
<b>III. Operating profit</b>		<b>184,919,073.87</b>	<b>197,251,284.10</b>
Add:non-operating income	44	3,726,333.83	4,456,811.62
Less:non-operating expense	45	13,110,246.70	17,584,765.04
Including:loss from disposal of non-current assets		626,117.63	226,664.18
<b>IV.Profit before income tax</b>		<b>175,535,161.00</b>	<b>184,122,848.20</b>
Less:Income tax expense	46	101,025,787.81	114,061,768.05
<b>V.Net profit</b>		<b>74,509,373.19</b>	<b>70,061,080.15</b>
Attributable to : Shareholders of the company		35,004,605.40	44,297,342.65
Non-controlling interests		39,504,767.79	25,763,737.49
<b>VI.Earnings per share</b>			
( I ) basic earnings per share			
( II ) diluted earnings per share			
<b>VII.other comprehensive income</b>		<b>94,890,701.63</b>	<b>133,773,643.32</b>
Attributable to : Shareholders of the company	47	94,839,121.61	131,610,997.92
Non-controlling interests		51,580.02	2,162,645.40
<b>VIII.Total comprehensive income</b>		<b>169,400,074.82</b>	<b>203,834,723.47</b>
Attributable to : Shareholders of the company		129,843,727.01	175,908,340.58
Non-controlling interests		39,556,347.81	27,926,382.89

The accompanying notes form an integral part of these financial statements.

Legal Representative:

Chief Financial Officer:

Chief Accountant:



## China Oceanwide Holdings Group Co., Ltd.

## Consolidated Cash Flows Statement

31 December 2012

Unit: USD

ITEMS	Year2012	Year2011
<b>I Cash flows from Operating activities</b>		
Cash received from selling commodities and providing services	909,743,098.03	432,961,317.06
Gain on sale of trading securities	(83,239,214.73)	(10,526,200.28)
Cash from the interest and commission	185,179,918.80	223,829,874.31
Net increase from the funds borrowed	-	(793.61)
Net increase from repurchasing business financing	51,206,516.28	(28,443,238.39)
Refunds of taxes	922,857.68	819,877.63
Cash received relating to other operating activities	464,491,811.48	535,162,372.55
<b>Subtotal of cash inflows from operating activities</b>	<b>1,528,304,987.54</b>	<b>1,153,803,209.28</b>
Cash paid for goods purchased and services received	726,145,011.98	609,576,969.88
Cash paid for the interest charges and commissions	24,636,559.52	28,198,966.78
Cash paid to/for staff and workers	190,633,048.11	145,914,731.69
Taxes payments	279,030,788.98	102,636,184.43
Other cash paid concerning form operating activities	575,298,466.72	1,410,721,268.62
<b>Subtotal of cash outflow arising from operating activities</b>	<b>1,795,743,875.31</b>	<b>2,297,048,121.40</b>
<b>Net cash flows from operating activities</b>	<b>(267,438,887.77)</b>	<b>(1,143,244,912.12)</b>
<b>II Cash flows arising from investing activities</b>		
Cash received from investment payback	1,047,316,803.32	302,916,211.26
Cash received from investment income	47,295,449.95	49,469,551.18
Net cash received from disposal of fixed, intangible and other long-term assets	211,038.80	24,385.05
Net cash received from disposal of subsidiaries and other units	29,264.39	1,645,284.81
Other cash received concerning investing activities	474,928.37	7,122,671.91
<b>Subtotal of cash inflow from investing activities</b>	<b>1,095,327,484.83</b>	<b>361,178,104.22</b>
Cash paid for purchasing fixed, intangible and other long-term assets	58,241,634.17	49,009,322.46
Cash paid for investment	1,386,541,346.40	590,337,270.26
Net cash received from payment of subsidiaries and other business units	-	3,107,804.84
Other cash paid concerning investing activities	19,000,323.93	8,938,496.39
<b>Subtotal of cash outflow from investing activities</b>	<b>1,463,783,304.49</b>	<b>651,392,893.94</b>
<b>Net cash flows from investing activities</b>	<b>(368,455,819.66)</b>	<b>(290,214,789.73)</b>
<b>III Cash flows from financing activities</b>		
Cash received from investor	3,009,876.04	9,630,354.00
Including: Cash received from minority shareholders' equity investment by subsidiaries	3,534,586.18	-
Proceeds from loans	3,862,917,386.56	3,606,834,654.82
Proceeds from issuance of bonds	-	445,821,187.84
Other cash received concerning financing activities	416.40	191,563,791.65
<b>Subtotal of cash inflows from financing activities</b>	<b>3,865,927,679.01</b>	<b>4,253,849,988.31</b>
Cash paid for settling debts	2,470,374,310.27	2,382,337,910.20
Cash paid for dividend and profit distributing or interest paying	630,735,345.44	362,317,773.47
Including: dividends or profit paid by subsidiaries to minority shareholders	13,012,070.30	13,947,889.52
Other cash paid concerning financing activities	143,153,974.31	309,887,334.18
<b>Subtotal of cash outflow from financing activities</b>	<b>3,244,263,630.02</b>	<b>3,054,543,017.85</b>
<b>Net cash flows arising from financing activities</b>	<b>621,664,048.99</b>	<b>1,199,306,970.46</b>
<b>IV Influence on cash due to fluctuation in exchange rate</b>	<b>7,674.55</b>	<b>(138,521.74)</b>
<b>V Net increase of cash and cash equivalents</b>	<b>(14,222,979.56)</b>	<b>234,291,253.13</b>
Add: Balance of cash and cash equivalents	1,636,860,612.79	1,871,151,865.92
<b>VI Balance of cash and cash equivalents at the period-end</b>	<b>1,622,637,633.23</b>	<b>1,636,860,612.79</b>

The accompanying notes form an integral part of these financial statements.

Legal Representative:

Chief Financial Officer:

Chief Accountant:

## For The Year Ended 31 December 2012

Unit: USD

ITEMS	Attributable to shareholders of the Company								year 2012	
	Share capital	Capital reserve	Lessen: treasury stock	Surplus reserves	General risk reserve	Retained earnings	Others	Translation reserve	Minority interests	Total equity
I. balance at the end of last year	972,390,239.52	520,799,530.39		73,964,314.42		1,020,400,932.45		(1,487,921.67)	683,838,391.79	3,269,905,486.89
Add: Change of accounting policy								0.00		
Correction of errors in previous period								0.00		
Adjust to changes in fair value						33,763.95		0.00	1,345,923.16	(14,544,020.85)
Adjust under the same control combined increase subsidiary ending balance								0.00		
Other		87,694,286.25				33,763.95		0.00		87,728,050.20
II. Balance at the beginning	972,390,239.52	608,493,816.63		73,964,314.42		1,004,544,752.88		(1,487,921.67)	685,184,314.46	3,343,089,516.24
III. Increase/ decrease of amount in this year	-	88,875,556.68				35,004,605.40		5,848,632.52	27,787,819.53	157,516,614.13
(1) Total comprehensive incomes						35,004,605.40		0.00	39,504,767.79	74,509,373.19
(2) Other comprehensive incomes								5,848,632.52	51,580.02	94,890,701.63
Subtotal of III(1) and(2)	-	88,990,489.09				35,004,605.40		5,848,632.52	39,556,347.81	169,400,074.82
(3) Capital increased and reduced by owners	-	88,990,489.09						0.00	1,241,461.09	1,126,528.68
1. Common shares increased by shareholders		(114,932.41)						0.00	1,309,064.58	1,263,143.61
(45,920.97)								0.00		
2. Amounts of share-based payments recognized in owners' equity								0.00		
3. other								0.00		
(4) Profit distribution	-	(69,011.45)						0.00	(67,603.49)	(136,614.94)
1. Withdrawing surplus public reserve								0.00	(13,009,989.36)	(13,009,989.36)
2. Drawing general risk								0.00		
3. Distribution to all owners (shareholders)								0.00		
4. Others								0.00	(13,009,989.36)	(13,009,989.36)
(5) Internal carrying forward of owners' equity								0.00		
1. New increase of share capital from capital reserves	-							0.00		
2. Convert surplus reserves to share capital								0.00		
3. Surplus reserves make up losses								0.00		
4. others								0.00		
(6) Specific reserve								0.00		
1. Withdrawn for the period								0.00		
2. Used in the period								0.00		
IV. Balance at the end of this period	972,390,239.52	697,369,373.31	0	73,964,314.42		1,039,549,358.28		4,360,710.85	712,972,134.00	3,500,606,130.38

The accompanying notes form an integral part of these financial statements.

**Legal Representative:**

**Chief Accountant:**

**China Oceanwide Holdings Group Co., Ltd.**  
**Consolidated Statement of change in owner' equity**  
**For The Year Ended 31 December 2012**

Unit:USD

ITEMS	year2011						
	Attributable to shareholders of the Company						
	Share capital	Capital reserve	Lessen: treasury stock	Surplus reserves	General risk reserve	Retained earnings	Others
I. Balance at the end of last year	972,390,239.52	374,316,967.59	-	71,420,054.97	-	1,032,854,094.46	-
Add:Change of accounting policy							
Correction of errors in previous period							
Adjust to changes in fair value		3,291,719.95				1,736,255.84	
Adjust under the same control combined increase subsidiary ending balance							
Others						(1,132,145.55)	
II. Balance at the beginning	972,390,239.52	377,608,687.54	-	2,544,259.45	-	22,898,335.04	
III. Increase/ decrease of amount in this year ("-" means decrease)		230,885,129.09	-	73,964,314.42	-	1,056,356,539.79	
(1) Net profit		87,694,286.25	-	-	-	(51,811,786.91)	
(II) Other comprehensive incomes		132,355,401.00	-	-	-	28,441,163.09	
Subtotal of the (I) and (II) above		220,049,687.25	-	-	-	132,355,401.00	
(III) Capital increased and reduced by owners		10,835,441.84	-	-	-	28,441,163.09	
1. Common shares increased by shareholders							
2. Amounts of share-based payments recognized in owners' equity							
3. Other							
(IV) Profit distribution		10,835,441.84	-	-	-	-	
1. Withdrawing surplus public reserve						(80,252,950.00)	
2. Withdrawing general risk							
3. Distribution to all owners (shareholders)						(80,252,950.00)	
4. others							
(V). Forward of owners' equity							
1. New increase of share capital from capital reserves						-	
2. Convert surplus reserves to share capital						-	
3. Surplus reserves make up losses						-	
4. Others						-	
(VI). Specific reserve							
1. Withdraw for the period							
2. Used in the period							
IV. Balance at the end of this year	972,390,239.52	608,493,816.63	-	73,964,314.42	-	1,004,544,752.88	
						(1,487,921.67)	
						685,184,314.46	
						3,343,089,516.24	

The accompanying notes form an integral part of these financial statements.

Legal Representative:

Chief Financial Officer:

Chief Accountant:

## China Oceanwide Holdings Group Co., Ltd.

### Notes to Consolidated Financial Statement

As of Dec 31, 2012

#### Note I: Company Profile

China Oceanwide Holdings Group Co., Ltd. (The “Company”) is a limited liability company established under the approval by the State Administration of Industry and Commerce, obtained the “Enterprise Legal Person Business License” with the registration number of 1000001000773 from the Administration of Industry and Commerce on Apr 7, 1988, and was invested and established by three companies, including China Electronic Engineering Construction and Development Company, Chengdu Hongguang Industry Co., Ltd. and Shenzhen Libaijia Industry Co., Ltd., which had changes as follows later:

1. The Company’s registered capital was changed into USD 120.38 million on Jan 10, 2000, which was certified by Zhongdaanyong Certified Public Accountants Co., Ltd. through the Capital Verification Report of JZDYZ [2000] No.01. The Company had its “Enterprise Legal Person Business License” reissued, and its investors were changed into Shandong Oceanwide Group Co., Ltd., Guangcai Shiye Investment Group Co., Ltd. and China Electronic Engineering Corporation.
2. The Company’s registered capital was changed into USD 0.16 billion on May 22, 2002, which was certified by Zhongdaanyong Certified Public Accountants Co., Ltd. through the Capital Verification Report of JZDYZ [2002] No.Z01 on Mar 29, 2002. The Company had its “Enterprise Legal Person Business License” reissued, and its investors were changed into Shandong Oceanwide Group Co., Ltd. and Guangcai Shiye Investment Group Co., Ltd.
3. The name of the company was changed from China Oceanwide Holdings Co., Ltd. into China Oceanwide Holdings Group Co., Ltd., which was approved by the State Administration of Industry and Commerce on Oct 17, 2006. The company had its “Enterprise Legal Person Business License” reissued accordingly.
4. The Company’s registered capital was changed into USD 0.48 billion on Dec 22, 2006, which was certified by Beijing Jiarun Certified Public Accountants Co., Ltd. through the Capital Verification Report of JRYZ [2007] No.104. The Company had its “Enterprise Legal Person Business License” reissued, and its investors were changed into Oceanwide Group Co., Ltd. and Guangcai Shiye Investment Group Co., Ltd.
5. The Company’s registered capital was changed into USD 0.64 billion on Mar 30, 2007, which was certified by Beijing Xinghua Certified Public Accountants Co., Ltd. through the Capital Verification Report of JKXYZ [2007] No.2-003. The Company had its “Enterprise Legal Person Business License” reissued.
6. The Company’s registered capital was changed into USD 104,550,082.68 on Apr 30, 2009, which was certified by Beijing Xinghua Certified Public Accountants Co., Ltd. through the Capital Verification Report of JKXYZ [2009] No.2-010. The Company had its “Enterprise Legal Person Business License” reissued, and its investors were changed into Oceanwide Group Co., Ltd. Tonghai Holdings Co., Ltd. and Shanghai Huaxin Investment Co., Ltd.

**CHINA OCEANWIDE HOLDINGS GROUP CO., LTD.  
FOR THE YEAR ENDED DECEMBER 31, 2012  
NOTES TO THE FINANCIAL STATEMENTS**

7. The Company's registered capital was changed into USD 972,390,239.52 on Sep 18, 2009, which was certified by Beijing Xinghua Certified Public Accountants Co., Ltd. through the Capital Verification Report of JKXYZ [2009] No.2-022. The Company had its "Enterprise Legal Person Business License" reissued, and its investors were changed into Oceanwide Group Co., Ltd. and Tonghai Holdings Co., Ltd. (currently changed into Oceanwide Holdings Co., Ltd.).

The principal activities of the company described in business and license as: investment in science, technology, culture, education, real estate, infrastructure projects and industries; capital operation and assets management; hotel and property management; sales of telecommunication, office automation, architectural decoration materials and equipments (except those of national special government-granted monopoly); Consulting services relating to the foresaid areas.

8. The Company updated its business scope of business license in February, 2012, as: investment in science, technology, culture, education, real estate, infrastructure projects; capital operation and assets management; hotel and property management; conference and exhibition service; lease of commercial buildings, office buildings, and parking spaces; sales of telecommunication, office automation, architectural decoration materials and equipments (except those of national special government-granted monopoly); Consulting series relating to the foresaid areas

**Note II: Basis for preparation of financial statements**

1. The financial statements have been prepared on the going concern basis, according to the "Accounting Standards for Business Enterprises --- Basic Principle" and other accounting principles (hereunder referred to as "New Accounting Standards") to recognize and measure the actually occurred transactions and events

2. Statement of compliance

The financial statements have been prepared in accordance with the Requirement of Accounting standards for Business Enterprise. These financial statements present truly and completely the financial position of the company as at 31 December 2012, and the financial performance and the cash flow of the company for the year then ended

**Note III. Principal accounting policies and accounting estimates**

**1. Accounting policy**

The Company implements new Accounting Standards for Business Enterprises (ASBE).

**2. Accounting period**

The accounting year of the company is from 1 January to 31 December

**3. Functional currency**

The Company's functional currency is RMB.

**4. Accounting basis and pricing principle**

The Company apply the accrual basis as the accounting basis, according to the related provisions in the new Accounting Standards for Business Enterprises. Except the trading financial assets, Available-for-sale financial assets, investment property which are measured in fair value, the other assets are measured in historical cost.

#### **5. Cash equivalent**

The Company and its subsidiaries consider the short term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value as cash equivalents, including short-term bond investment circulating in the securities market with mature date less than three months.

#### **6. Trading financial assets**

According to “ASBE No.22 – Recognition and Measurement of Financial Instruments”, The Company classifies the bond investment held for trading purpose, stock investment, fund investment, etc. into trading financial assets.

Trading financial assets are measured initially at fair value, subsequent to initial recognition, which are measured at fair value, and changes therein are recognized in profit or loss

#### **7. Bad debt**

Recognition standard of bad debt:

- (1) The debtor goes bankruptcy or dies, after liquidating with its bankruptcy assets or legacy, the debt still couldn't be recovered;
- (2) The receivables that the debtor fails to fulfill repayment obligation and still couldn't be recovered for over three years.

The company assess the bad debt on an aging analysis as well as on an individual basis.

#### **8. Inventory**

The company applies “ASBE No.1 --- Inventory” to record inventory as:

- (1) Classification of inventory: development cost, finished product of development, semi-finished product, finished product, lease of developed product, material, low-value consumables, etc.

- (2) Initial recognition and cost of inventories transferred out:

Inventories are initially measured at cost. Except low-value consumables, which are amortised in full when they are used, the cost of other inventories transferred out is calculated using the weighted average method.

- (3) Inventory system: The perpetual inventory system is adopted.

#### **9. Available-for-sale financial assets**

According to “ASBE No.22 --- Recognition and Measurement of Financial Instruments”, Available-for-Sale financial assets are measured at fair value subsequent to initial recognition and changes therein are generally recognised in capital reserve.

#### **10. Held-to-maturity investment**

According to “ASBE No.22 --- Recognition and Measurement of Financial Instruments”, held-to-maturity investment, are measured at amortised cost using the effective interest method.

#### **11. Long-term equity investment**

- (1) According to “ASBE No.2 – Long-term Equity Investment”, the long-term Equity investment are initially measured at cost

- (2) According to “ASBE No.2 --- Long-term Equity Investment”, long-term equity investment in subsidiaries are accounted for using the cost method, and makes adjustment to equity method when preparing consolidated financial statements. The company also use cost method for investments that don't have joint control or significant influence, and don't have quotation in active market, and the fair value couldn't obtained reliably; An

CHINA OCEANWIDE HOLDINGS GROUP CO., LTD.  
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investment in a joint venture or an associate is accounted for using the equity method for subsequent measurement. The Company adopts cost method in accounting of the subsidiary companies included in the consolidating scope.

(3) The subsequent measurement of long-term equity investments comply with the related provisions in the "ASBE No.2 --- Long-term Equity Investment".

## 12. Investment property

Based on the company's board of directors' resolution of [2007] No.22, and according to "ASBE No.3 --- Investment Property", the company determined to classify the properties held either to earn rental income or for capital appreciation or both as investment property, and the subsequent measurement use fair value model.

No depreciation or amortization is provided for an investment property accounted for using the fair value model. The carrying amount of the investment property is adjusted to the balance sheet date and the fair value is determined on the appraisal report issued by appraising company.

## 13. Fixed assets

Complying with the "ASBE No.4 --- Fixed Assets" and integrating the company's business characteristics:

(1) Standard of fixed assets: the tangible assets held for use in production of goods, in supply of services, rental to others, or for administrative purposes, and with useful lives over one accounting year.

(2) Fixed assets are initially measured at cost.

(3) Depreciation of fixed assets is calculated in straight-line method, and the estimated useful lives, residual value rates and depreciation rates of each class of fixed assets are as follows:

Class	Expected useful life	Residual value ratio	Annual depreciation rate
House and buildings	20-40 years	5%	2.38%-4.75%
Machinery and equipments	3-10 years	5%	9.50%-31.67%
Motor vehicles	3-11 years	5%	8.64%-31.67%
Other equipments	3-10 years	5%	9.50%-31.67%

## 14. Construction in progress

The cost construction in progress includes early preparation of construction, building projects under construction, installation projects, technical renovation projects, major repair projects, etc. The construction in progress will be transferred to fixed asset when it is ready for its intended use based on the actual cost incurred.

## 15. Goodwill

Recognition of goodwill is in accordance with "ASBE No.20 --- Business Merger" as follows:

(1) The initial cost of goodwill represents the excess of cost of acquisition over the acquirer's interest in the fair value of the identifiable net assets of the acquirer under a business combination not involving enterprise under common control.

(2) The difference between the cost of long-term equity investment from purchasing the fair value of the identifiable net assets of the subsidiary based on the newly obtained equity ratio is accounted as goodwill in the consolidated balance sheet.

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FOR THE YEAR ENDED DECEMBER 31, 2012  
NOTES TO THE FINANCIAL STATEMENTS

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(3) The difference between the long-term equity investment cost increased from purchase of minority equity and the recognizable net asset fair value of the subsidiary company since the purchasing date (or merging date) to be entitled to based on the calculation of newly obtained equity ratio, except the part recognized as goodwill, is used to adjust the capital reserve in consolidated balance sheet, if the balance of capital reserve is insufficient to offset, the retained earning is adjusted.

At year end, the company allocates goodwill to the corresponding asset groups to perform impairment test. If the carrying amount of goodwill is above the estimated recoverable amount, impairment loss will be recognized through PIV. The impairment loss for goodwill is not reversed.

#### **16. Long-term deferred expenses**

The expenses incurred by the company during the preparation is fully amortised in the first month when started to operation; the expense from lease of fixed assets for improvement is amortized during the whichever shorter period between the lease years and the useful life of leased assets; the other long-term deferred expenses is amortized within the benefit period.

#### **17. Borrowing costs**

The recognition and measurement of borrowing costs in The Company is in accordance with "ASBE No.17 – Borrowing Costs":

(1) Borrowing costs incurred directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the asset. Other borrowing costs are recognized as financial expenses when incurred.

(2) The capitalization period and the criteria for capitalization:

For the funds are borrowed specifically for the acquisition, construction or production of a qualifying asset, the incurred interest expense and converting difference of interests, discounts, or premium is, while meeting the following requirements, capitalized and accounted into the cost of such asset: ① Asset expenditure has already occurred; ② Borrowing expense has already occurred; ③ The building, purchasing or production activity to enable the assets to reach estimated usable or sellable state have already occurred. The other borrowing interest, discount or premium is accounted into current income or loss.

If the assets that meet capitalization requirements have abnormal interruption in purchasing, building or production process, and such interruption lasts for over 3 months, the capitalization of borrowing cost will be suspended, and recognize it as current expense until the purchasing, building or production activity of assets resumes.

When the purchased or built or produced assets meeting capitalization conditions meet the intended use, the capitalization of its borrowing cost will be stopped; the subsequent borrowing expenses will be recognized as expense in current period.

Auxiliary expenses incurred from arrangement of special borrowing, for those occurred before the purchased, built or produced assets meeting capitalization conditions reaches the intended use, will be capitalized at occurrence; the auxiliary expenses incurred in normal borrowing will be recognized as expense at current period of occurrence.

(3) The amount of interest to be capitalized as follows:

① For special borrowing made for purchasing, construction or producing the assets meeting capitalization conditions, the amount of actually incurred interest expense of special borrowing in current period deducting of the interest income of unused borrowing fund in bank or the investment earning obtained from temporary investment is recognized as the amount of interest of special loan to be capitalized.



CHINA OCEANWIDE HOLDINGS GROUP CO., LTD.  
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②For occupation of normal borrowing to purchase, build or produce the assets meeting capitalization conditions, the enterprises shall, based on the weighted average of the assets of accumulated assets expenditure exceeding the special loan multiplying the capitalization rate of occupied normal borrowing, calculate the interest amount of normal borrowing to be capitalized. The capitalization rate is calculated and recognized based on weighted average interest rate of normal borrowing.

③The amount of interest capitalization in each accounting period shall not exceed the actually incurred interest amount of related borrowing in current period.

The amount of interest capitalization in each accounting period is calculated and recognized based on the weighted average and capitalization rate of the accumulated expenditure of fixed assets purchased and built as of the end of current period. But the capitalization amount of the amortization of interest, discount or premium shall not exceed the amortization amount of the actually incurred interest, discount or premium of special borrowing in current period.

#### 18. Revenue recognition

The realization of revenue in The Company is in accordance with the related regulations in "ASBE No.14 – Revenue":

(1) For sales of goods significant risks and rewards of ownership of goods have been transferred to the buyer, the company retains, the related income has already received or obtained proof of payment receiving, the costs can be measured reliably revenue, the revenue will be recognized.

(2) For rendering of services (excluding long-term contract), the revenue will be recognized based on percentage of completion. When applying the percentage of completion approach, the total income of labor contract and completion degree of labor could be reliably recognized, the price payment relating to transaction could flow in, the already incurred cost and possible cost could be reliably measured.

(3) For assignment of asset use right, the income from assignment of asset use right is recognized when meeting the conditions that the related economic interest probably flow in, and the amount of income could be reliably measured.

#### 19. Income tax

According to "ASBE No.18 – Income Tax", the accounting method of income tax in The Company is calculated based on balance sheet liability method, meaning based on the calculation and recognition of current income tax (or payable income tax in current period) and deferred income tax expense (or earning), the sum of the two is recognized as income tax expense (or earning) in balance sheet, but excluding the income tax influence of the transaction or matter directly included into owner's equity.

#### 20. Lease

Finance lease means the lease that essentially transfers the entire risks and compensations relating to asset ownership, its ownership eventually may be transferred, or may be not transferred. The leases except finance lease is operating lease.

(1) The Company records operating lease business as lessee

Rent expenditure of operating lease is, during each period of lease period, accounted into the related assets cost or current income or loss based on straight-line method. Initial direct expense is accounted into current income or loss. Contingent rent is accounted into current income or loss at actual occurrence.

**CHINA OCEANWIDE HOLDINGS GROUP CO., LTD.**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**(2) The Company records operating lease business as lesser**

The rent income of operating lease is, during each period of lease period, recognized as current income or loss in straight-line method. The relatively high initial direct expense is capitalized at occurrence, and accounted into current income or loss during the entire lease period on the same basis as the one recognizing rent income; the other relatively low initial direct expenses is accounted into current income or loss at occurrence. Contingent rent is accounted into current income or loss at actual occurrence.

**(3) The Company records finance lease business as the lessee**

On the beginning date of lease period, the whichever lower between the fair value of leased assets on the beginning date of lease and the present value of minimum lease payment is used accounting value of leased assets, the minimum lease payment amount is used as accounting value of long-term payable, the difference shall serve as unrecognized financing expense. Besides, the initial direct expense that is occurred during lease negotiation and lease contract signing process, and attributable to lease project, shall also be accounted into leased asset value. The balance of minimum lease payment deducting of unrecognized finance expense is listed as long-term liability and long-term liability to mature within one year respectively.

For unrecognized finance expense, the current finance expense is calculated and recognized by adopting actual interest rate method during lease period. Contingent rent is accounted into current income or loss at actual occurrence.

**(4) The Company records finance lease business as the lesser**

On the beginning date of lease period, the sum of the minimum lease payment receipt on the lease beginning date and the initial direct expense is used as the accounting value of receivable finance lease amount, meanwhile, unsecured residual value shall also be recorded; the difference between the sum of minimum lease payment receipt, initial direct expense and unsecured residual value and the sum of it and its present value is recognized as unrealized finance earning. The residual amount of receivable finance lease payment deducting of the unrealized finance earning is listed as long-term creditor's right and long-term creditor's rights to mature within one year respectively.

For unrealized finance earnings, its finance income is calculated and recognized by adopting actual interest rate method during lease period. Contingent rent is accounted in current income or loss at actual occurrence.

**21. Consolidated financial statement**

The principle of consolidating financial statements is that for the subsidiary companies that their parent company holds over 50% of the total capital with voting rights in the invested company, or not holding over 50% of equities but having actual control, their financial statements will be consolidated.

The method is to use the financial statements (after adjustment in equity method) of The Company and the different subsidiary companies included into the scope of consolidation as the consolidating basis, at consolidation, the investments, businesses, inventory purchases and sales or other internal transactions and their unrealized profits of The Company and its subsidiary companies between each other will be eliminated and consolidated, besides, the income or loss of minority shareholder and equities of minority shareholders will be calculated.

According to the provision in "ASBE No.33 – Consolidated Financial Statement", the minority shareholder's equities and income or loss of minority shareholders that were independently listed in consolidated financial statement in originality is included into the scope of shareholder equity and net profit, and be listed as parts of shareholder equity and net profit.

**Note IV. Taxations**

**1. Major tax types and tax rates applicable to the Company**

Tax	Taxing basis	Tax rate
Value-added-tax ("VAT")	Taxable sales revenue	3%、13% or 17%
Business tax	Business revenue	5%
Urban maintenance and construction tax	Payable turnover tax	7%
Extra charges of education funds	Payable turnover tax	3%
Local extra charges of education funds	Payable turnover tax	2%
Land appreciation tax	Pre-sales income	1%
Corporate income tax	Taxable income	15%, 22% or 25%
Property tax	70%-80% of original property value or lease income	1.2% or 12%

**2. Individual income tax**

Employees shall personally pay individual income tax withheld by The Company on their behalf.

**Note V: Holding Subsidiary Company and Joint Venture Enterprise**

**1. Class I subsidiary companies included into the scope of consolidated financial statement:**

Name of subsidiary company	Registered place	Registered capital (USD 1.61 thousand)	Direct shareholding	Indirect shareholding	Business nature
Oceanwide Construction Holdings Co., Ltd.	Beijing	38,521.42	74.17%	25.83%	Real estate development
Oceanwide Construction Group Co., Ltd.	Beijing	73,147.54	73.67%	2.721%	Real estate development
Oceanwide Energy Investment Co., Ltd.	Beijing	32,101.18	80.00%	0.00%	Investment management
Minsheng Securities Co., Ltd.	Beijing	34,947.05	66.799%	6.20%	Securities business
Oceanwide Industry Co., Ltd.	Weifang	8,431.05	94.21%	0.00%	Investment management
Minsheng Investment Management Co., Ltd.	Qingdao	8,536.85	22.56%	0.00%	Investment management
Beijing Minsheng Pawn Co., Ltd.	Beijing	802.53	55.00%	45.00%	Pawn business
Minsheng Insurance Brokerage Co., Ltd.	Beijing	802.53	53.00%	47.00%	Insurance brokerage
Oceanwide Energy Investment Baotou Co., Ltd.	Baotou	8,025.30	100.00%	0.00%	Investment and development of energy and new energy

**CHINA OCEANWIDE HOLDINGS GROUP CO., LTD.**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**  
**NOTES TO THE FINANCIAL STATEMENTS**

Name of subsidiary company	Registered place	Registered capital (USD 1.61 thousand)	Direct shareholding	Indirect shareholding	Business nature
Shaanxi Jiuzhou Yinghong Industry Development Co., Ltd.	Xi'an	6,420.24	70.00%	0.00%	Real estate development and hotel management
Oceanwide Culture Media Holdings Co., Ltd.	Beijing	3,420.99	90.00%	0.00%	Investment management
Beijing Jingguan Xincheng Advertisement Co., Ltd.	Beijing	80.25	100.00%	0.00%	Advertisement business
China Oceanwide International Investment Co., Ltd.	Hong Kong	HK 773.45 million	100.00%	0.00%	Investment management
Oceanwide Green Energy Investment Co., Ltd.	Beijing	1,605.06	80.00%	0.00%	Investment management

**2. Notes to change of scope and equity ratio of consolidated financial statement**

In March 2012, the company set up a new subsidiary, Oceanwide Green Energy Investment Co., Ltd., holding 80% of its shares; by July 2012, the subsidiary's organizational structure had been established, the management personnel had been in place; and during the third quarterly reports of the same year the company began to recognize the long-term equity investments and had for the first time included the investments in the scope of consolidation.

**Note VI. Change of Accounting Policy, Accounting Estimation and Correction of Major Accounting Error**

**1. Change of accounting policy and accounting estimation**

No change of accounting policy or accounting estimation was occurred during the reporting period of The Company.

**2. Correction of major accounting error**

Following serious accounting errors at earlier stage were found during our company's reporting period:

Our company's first-tier subsidiary company named Oceanwide Construction Shareholding Co., Ltd. has switched back the deferred income tax assets after confirmation of deficit coverage by the end of 2011, and will be corrected during this reporting period. At the beginning of reduction, the deferred income tax asset is USD 4,502,126.34, the earned surplus is USD 450,212.63 and the undistributed profits is USD 4,051,913.71.

**Note VII. Notes to Main Items of Consolidated Financial Statement**

**1. Cash at bank and on hand**

Item	Ending balance	Beginning balance
Cash on hand	500,686.49	505,950.35

CHINA OCEANWIDE HOLDINGS GROUP CO., LTD.  
FOR THE YEAR ENDED DECEMBER 31, 2012  
NOTES TO THE FINANCIAL STATEMENTS

Item	Ending balance	Beginning balance
Bank deposit	1,465,666,016.49	1,509,773,908.26
Other monetary funds	81,234,887.01	9,280,812.18
Total	1,547,401,589.98	1,519,560,670.79

Note: Other monetary funds are mainly the restricted funding of 77,571,767.31 dollar for the use by Oceanwide Construction Group Co., Ltd.

## 2. Settlement Reserve

Ending balance	Beginning balance
152,807,810.56	120,268,848.93

Note: They are all deposit reservation for balance of Minsheng Securities Co., Ltd.

## 3. Trading financial assets

Item	Ending balance	Beginning balance
Bonds	188,035,777.03	124,401,069.34
Stock	83,143,899.69	47,641,680.47
Funds	30,091,944.59	14,552,334.59
Total	301,271,621.31	186,595,084.39

Note: Mainly the trading financial assets of Minsheng Securities Co., Ltd.

## 4. Accounts receivable

(1) The aging analysis of accounts receivable is as follows:

Aging	Ending balance			Beginning balance		
	Amount	Bad-debt provision	Net amount	Amount	Bad-debt provision	Net amount
Within 1 year	68,824,378.46	3,189,938.16	65,634,440.31	35,597,293.15	1,545,733.38	34,051,559.77
1-2 years	2,200,862.96	105,504.37	2,095,358.59	775,114.78	35,913.17	739,201.61
2-3 years	317,004.82	16,507.37	300,497.45	246,362.81	12,158.66	234,204.15
Over 3 years	201,776.48	35,113.02	166,663.46	213,136.96	16,634.09	196,502.87
Total	71,544,022.72	3,347,062.92	68,196,959.80	36,831,907.70	1,610,439.31	35,221,468.39

**CHINA OCEANWIDE HOLDINGS GROUP CO., LTD.**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**  
**NOTES TO THE FINANCIAL STATEMENTS**

(2) The top five units of receivables amount are as follows:

No.	Unit name	Relation with The Company	Ending balance	Ratio in receivables	Aging	Cause of debt
1	Natural person I	Non-affiliated party	3,452,481.91	5.06%	Within 1 year	House sales payment
2	Legal person I	Non-affiliated party	2,614,641.11	3.83%	Within 1 year	House sales payment
3	Natural person II	Non-affiliated party	1,932,491.04	2.83%	Within 1 year	House sales payment
4	Natural person III	Non-affiliated party	1,030,447.88	1.51%	Within 1 year	House sales payment
5	Legal person II	Non-affiliated party	797,454.86	1.17%	Within 1 year	House sales payment
	Total		9,827,516.79	14.40%	—	—

**5. Advances to suppliers**

(1) The aging analysis of advances to suppliers is as follows:

Aging	Ending balance		Beginning balance	
	Amount	Percentage of total amount of advance to suppliers (%)	Amount	Percentage of total amount of advance to suppliers (%)
Within 1 year	103,888,505.04	30.25	16,600,649.08	6.59
1-2 years	9,058,222.06	2.63	6,167,511.54	2.45
2-3 years	4,991,059.37	1.45	309,375.12	0.12
Over 3 years	225,576,443.34	65.67	228,817,885.36	90.84
Total	343,514,229.81	100.00	251,895,421.10	100.00

(2) The top five units of balances of advances to suppliers are as follows:

No.	Advance	Relation with The Company	Ending balance	Percentage of total amount of advance to suppliers (%)	Aging	Reason of outstanding
1	Legal person I	Affiliated party	216,912,756.40	63.15	Over 3 years	Project unsettled
2	Legal person II	Non-affiliated party	44,958,476.11	13.09	Within 1 year	Project unsettled
3	Legal person III	Non-affiliated party	32,173,653.00	9.37	Within 1 year	Project unsettled
4	Legal person IV	Non-affiliated party	4,984,992.24	1.45	Within 1 year	Project unsettled
5	Legal person V	Non-affiliated party	3,856,154.73	1.12	Within 1 year	Project unsettled
	Total		302,886,032.48	88.18	—	—

**6. Other receivables**

(1) The aging analysis of other receivables is as follows:

Aging	Ending balance			Beginning balance		
	Amount	Bad-debt provision	Net amount	Amount	Bad-debt provision	Net amount
Within 1 year	1,603,433,403.23	408,149.44	1,603,025,253.79	1,303,013,710.58	191,566.05	1,302,822,144.53

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Aging	Ending balance			Beginning balance		
	Amount	Bad-debt provision	Net amount	Amount	Bad-debt provision	Net amount
1-2 years	112,633,280.15	32,650.03	112,600,630.13	49,799,161.84	90,763.33	49,708,398.51
2-3 years	8,673,117.76	74,994.34	8,598,123.42	35,009,752.60	45,594.52	34,964,158.08
Over 3 years	234,362,259.99	27,437,655.97	206,924,604.02	206,416,888.47	29,081,505.57	177,335,382.90
Total	1,959,102,061.13	27,953,449.78	1,931,148,611.36	1,594,239,513.50	29,409,429.47	1,564,830,084.03

(2) The top five units of other receivables amount are as follows:

No.	Unit name	Relation with The Company	Ending balance	Ratio in other receivables	Aging	Reason of outstanding
1	Legal person I	Affiliated party	636,000,834.84	32.93%	Within 1 year	Intercourse funds
2	Legal person II	Non-affiliated party	175,259,514.05	9.08%	Within 1 year	Intercourse funds
3	Legal person III	Non-affiliated party	173,323,409.62	8.98%	Within 1 year	Equity transfer payment
4	Legal person IV	Non-affiliated party	131,614,838.00	6.82%	Within 1 year	Equity transfer payment
5	Legal person V	Affiliated party	106,938,580.47	5.54%	Within 1 year	Intercourse funds
	Total		1,223,137,176.98	63.35%	—	—

7. Dividends receivable

Ending balance	Beginning balance
31,268,394.31	3,627,433.34

8. Interest receivable

Ending balance	Beginning balance
5,935,052.99	3,234,487.50

Note: It was mainly the interest of receivable bonds business of Minsheng Securities Co., Ltd.

9. Refundable deposits

Ending balance	Beginning balance
30,538,070.61	28,551,109.38

Note: It was the trading deposit paid by Minsheng Securities Co., Ltd. according to regulations

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10. Inventories

Item	Ending balance			Beginning balance		
	Book balance	Provision	Book value	Book balance	Provision	Book value
Development cost	3,394,261,518.59	0.00	3,394,261,518.59	2,911,845,211.95	0.00	2,911,845,211.95
Finished product developed	374,989,088.78	0.00	374,989,088.78	311,555,085.67	0.00	311,555,085.67
Inventory commodity	5,658,005.11	0.00	5,658,005.11	3,045,394.67	0.00	3,045,394.67
Finished products	3,354,445.36	165,361.47	3,189,083.89	4,221,498.78	115,540.67	4,105,958.12
Leased developed products	2,406,650.02	0.00	2,406,650.02	6,707,342.99	0.00	6,707,342.99
Inventory material	2,181,195.56	0.00	2,181,195.56	1,976,358.14	0.00	1,976,358.14
Products under production	859,473.21	0.00	859,473.21	556,273.75	0.00	556,273.75
Low-value consumables	225,707.33	0.00	225,707.33	239,277.28	0.00	239,277.28
Total	3,783,936,083.96	165,361.47	3,783,770,722.49	3,240,030,902.57	115,540.67	3,240,030,902.57

Note: The inventory with book value of USD1,687,673,456.30 in the book value was used for guarantee

11. Other current assets

Ending balance	Beginning balance
50,757,703.35	3,609,007.26

12. Available-for-sale financial assets

Item	Ending fair value	Beginning fair value
Available-for-sale equity instruments	1,022,153,177.47	784,564,935.22
Available-for-sale bonds	2,686,734.20	0.00
Others	3,446,378.12	2,418,860.26
Total	1,028,286,289.79	786,983,795.48

Note: Among the afore-mentioned available-for-sale equity instruments, 698.836 million shares of equities of Minsheng Bank provided pledge for the loan of The Company, and 43.6070 million shares of equities of New Hualian Real Estate Co., Ltd. provided pledge for the loan of The Company.



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13. Long-term equity investment

Invested unit	Ending			Beginning		
	Book balance	Shareholding ratio	Accounting method	Book balance	Shareholding ratio	Accounting method
Guangxi Beibu Gulf Bank Co., Ltd.	52,966,947.00	7.20%	Cost method	52,966,947.00	9.00%	Cost method
Sichuan Jutong High-tech Development (Holdings) Co., Ltd.	14,447,502.29	14.04%	Cost method	14,447,502.29	14.04%	Cost method
Zhengzhou Bank Co., Ltd.	1,080,845.93	0.474%	Cost method	1,080,845.93	0.474%	Cost method
Neutral Color International Aluminum Oxide Development Co., Ltd.	415,089.40	5.00%	Cost method	415,089.40	5.00%	Cost method
Tianjin Saifu Entrepreneurial Investment Fund (Limited Partnership)	28,891,062.00	39.60%	Cost method	28,891,062.00	39.60%	Cost method
Mianyang Technology City Industrial Investment Fund	64,202,360.00	4.45%	Cost method	48,151,770.00	4.45%	Cost method
Dalian Wanda Commercial Real Estate Co., Ltd.	37,558,380.60	0.964%	Cost method	37,558,380.60	0.964%	Cost method
Beijing Hippies Information Technology Co., Ltd.	0.00	10.00%	Cost method	0.00	10.00%	Cost method
Shenzhen Jinmike Precision Technology Co., Ltd.	0.00	0.00%	Cost method	2,199,733.36	28.57%	Cost method
Xinneng Phoenix (Tengzhou) Energy Co., Ltd.	36,032,025.67	17.50%	Cost method	88,998,972.67	45.00%	Cost method
CITIC Industry Investment Fund Management Co., Ltd.	58,504,400.55	15.00%	Cost method	58,504,400.55	15.00%	Cost method
Northern Guomao Co., Ltd.	3,210.12	0.098%	Cost method	3,210.12	0.098%	Cost method
Hisense Industry Co., Ltd.	7,222.77	0.157%	Cost method	7,222.77	0.157%	Cost method
Qingdao Jiejing Co., Ltd.	2,568.09	0.151%	Cost method	2,568.09	0.151%	Cost method
Qingdao Liqun Group Sanbailui Commercial Building Co., Ltd.	3,210.12	0.20%	Cost method	3,210.12	0.20%	Cost method
Changbaishan International Tourism and Holiday Resort Development Co., Ltd.	18,446,430.90	4.67%	Cost method	78,427,659.10	27.50%	Equity method
Lenovo Holdings Co., Ltd.	567,545,497.81	20.00%	Equity method	814,644,359.90	28.90%	Equity method
Qingdao Shenghaiyuan Commodity Distribution Co., Ltd.	41,744.16	20.00%	Equity method	30,657.69	20.00%	Equity method
Xi'an Lintong District Qinling Scenery Area Tourism Bus Operation Co., Ltd.	0.00	49.00%	Equity method	0.00	49.00%	Equity method
Sanya Golden Beach Property Co., Ltd.	1,515,081.06	20.00%	Equity method	1,508,460.72	20.00%	Equity method
CITIC Industry Investment Fund (Hong Kong) Management Co., Ltd.	3,353,631.21	15.00%	Cost method	3,344,760.81	15.00%	Cost method
Western New Era Energy Investment Co., Ltd.	7,222,765.50	15.00%	Cost method	7,222,765.50	15.00%	Cost method
Anhui Yihe New Energy Technology Co., Ltd.	3,056,032.34	3.64%	Cost method	0.00	—	—
Shanghai Financial Development and Investment Fund	28,891,062.00	3.33%	Cost method	14,445,531.00	3.33%	Cost method

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Invested unit	Ending			Beginning		
	Book balance	Shareholding ratio	Accounting method	Book balance	Shareholding ratio	Accounting method
Xi'an Well Logan Energy Technology Co., Ltd.	4,046,496.93	4.87%	Cost method	0.00	—	—
Xi'an Triangle Aviation Technology Co., Ltd.	4,060,799.27	3.01%	Cost method	0.00	—	—
New Energy Mining Co., Ltd.	34,669,274.40	3.00%	Cost method	34,669,274.40	3.00%	Cost method
Total	966,963,640.11	—	—	1,287,524,384.02	—	—

Note: ①Per the "Contribution Agreement", the partnership business executing right of Tianjin Saifu Entrepreneurial Investment Fund (limited partnership) is exercised by general partner, The Company, as its limited partner, shall not participate in its operation and management, so The Company will not account it in equity method;

②The equities used for pledge in long-term equity investment are the equities of Lenovo Holdings Co., Ltd. owned by The Company, involving USD 19,341,445.52 of Lenovo equities; the equities of Guangxi Beibu Gulf Bank Co., Ltd. owned by The Company involved 180 million shares;

③Beginning balance of the company for the increase adjustment period is 81,450,973.57 dollar, arising from Legend Holdings Co., Ltd. and Changbaishan International Tourism Resort Development Co., Ltd., both of which were confirmed as its own through equity method, as detailed in 37 of Note VII; the beginning balance for the reduction adjustment period is 137,199.64 dollar, for the full transfer-out of the investment in Beijing Carlyle Investment Center (limited partnership).

④Beginning balance of Oceanwide Culture Media for the reduction adjustment period is 1,027,237.76 dollar, for the full provision of investment losses in HiPiHi Co.,Ltd., as detailed in 37 of Note VII;

⑤During the reporting period, the company disposed of its own 8.9% stake in Legend Holdings Ltd. and of its own 15.33% stake in Changbai Mountain International Tourism Resort Development Co., Ltd.

**14. Membership futures investment**

Item	Ending book balance	Beginning book balance
Zhengzhou Commodity Exchange	64,202.36	64,202.36
Shanghai Futures Exchange	80,252.95	80,252.95
Dalian Commodity Exchange	80,252.95	80,252.95
Total	224,708.26	224,708.26

Note: It was from Minsheng Futures Co., Ltd., a subsidiary company of Minsheng Securities Co., Ltd.

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15. Investment properties

Item	Beginning balance	Increase in current period	Decrease in current period	Ending balance
I. Total of original price	742,036,384.68	0.00	0.00	742,036,384.68
Houses and buildings	742,036,384.68	0.00	0.00	742,036,384.68
II. Total of fair value changes	576,752,353.77	250,331,792.43	0.00	827,084,146.17
Houses and buildings	576,752,353.77	250,331,792.39	0.00	827,084,146.17
III. Provision	0.00	0.00	0.00	0.00
Houses and buildings	0.00	0.00	0.00	0.00
IV. Total of book value	1,318,788,738.45	250,331,792.43	0.00	1,569,120,530.85
Houses and buildings	1,318,788,738.45	250,331,792.43	0.00	1,569,120,530.85

Note: The investment property with book value of USD 1,507,964,728.49 in ending balance was used for mortgage.

16. Fixed assets and accumulated depreciation

Type	Beginning book balance	Increase in current period	Decrease in current period	Ending book balance
I. Total of original prices	257,073,044.82	20,843,071.29	7,152,669.72	270,763,446.39
Houses and buildings	126,210,789.83	10,840,062.26	1,339,377.26	135,711,474.83
Power and general equipments	23,322,710.13	2,064,416.99	1,571,545.07	23,815,582.04
Office devices and equipments	38,758,058.04	6,610,662.83	3,228,165.17	42,140,555.70
Fixed assets of finance lease	61,835,785.15	0.00	0.00	61,835,785.15
Others	6,945,701.68	1,327,929.20	1,013,582.22	7,260,048.66
II. Total of accumulated depreciation	79,116,095.54	20,661,369.72	4,264,485.23	95,512,980.04
Houses and buildings	34,293,195.23	6,389,652.73	150,280.72	40,532,567.24
Power and general equipments	11,818,005.18	2,607,125.15	1,001,317.09	13,423,813.24
Office devices and equipments	24,652,144.90	4,694,151.83	2,926,533.69	26,419,763.04
Fixed assets of finance lease	5,373,529.74	5,862,032.44	0.00	11,235,562.18
Others	2,979,220.49	1,108,407.58	186,353.73	3,901,274.34
III. Accumulation of depreciation reserve:	3,186,042.12	0.00	0.00	3,186,042.12
Houses and buildings	3,186,042.12	0.00	0.00	3,186,042.12
Power and general equipments	0.00	0.00	0.00	0.00
Office devices and equipments	0.00	0.00	0.00	0.00
Fixed assets of finance lease	0.00	0.00	0.00	0.00

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Type	Beginning book balance	Increase in current period	Decrease in current period	Ending book balance
Others	0.00	0.00	0.00	0.00
IV. Total of book value:	174,770,907.17	181,701.56	2,888,184.50	172,064,424.23
Houses and buildings	88,731,552.48	4,450,409.54	1,189,096.54	91,992,865.48
Power and general equipments	11,504,704.95	(542,708.17)	570,227.98	10,391,768.80
Office devices and equipments	14,105,913.14	1,916,511.01	301,631.49	15,720,792.66
Fixed assets of finance lease	56,462,255.41	(5,862,032.44)	0.00	50,600,222.97
Others	3,966,481.19	219,521.62	827,228.49	3,358,774.32

Note: The fixed assets of USD 1,871,225.92 of book value in ending balance were used for mortgage

**17. Construction in progress**

Project name	Ending balance	Beginning balance
1. Software progress payment and decoration expense of Minsheng Securities	1,095,646.74	303,003.04
2. Coal mine and coal chemical project of Baotou Energy Company	24,133,138.48	18,074,775.87
3. Qinhuangdao hotel and theatre project of Jiuzhou Yinghong Company	30,066,083.23	23,235,813.38
4. Decoration project of Weifang Oceanwide Grand Hotel	323,086.35	314,772.00
Total	55,617,954.79	41,928,364.29

**18. Goodwill**

Ending balance	Beginning balance
74,304,620.31	74,304,620.31

Note: in which the circulation right for equity separation generated USD 21,972,739.43, the enterprises not under same control or purchased minority equities, the part of purchasing cost higher than the recognizable net assets' fair value obtained generated USD 66,082,403.68 in total, and Provision was USD 13,750,522.80.

**19. Deferred tax assets**

Item	Ending book balance	Beginning book balance
1. Provisions for impairment loss on assets	1,595,268.10	792,969.04
2. Change of fair value	27,925.23	2,643,105.43

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Item	Ending book balance	Beginning book balance
3. Coverage of loss before tax	18,791,880.27	1,806,092.34
4. Depreciation reserve of long-term investments	392,499.51	392,499.51
5. Amortization of long-term deferred expenses	0.00	0.00
6. Depreciation reserve of fixed assets	796,510.53	796,510.53
7. Depreciation reserve of goodwill	99,930.57	99,930.57
8. Unrealized profit	19,906,559.78	916,358.41
9. Depreciation reserve of available-for-sale financial assets	0.00	904,870.44
10. Temporary difference from advance provisioning of land VAT	22,091,464.25	0.00
11. Temporary difference generated from advance provisioning	8,697,810.15	4,154,044.10
Total	72,399,848.40	12,506,380.38

Beginning balance of Oceanwide Construction Holdings Limited for the adjustment period: reduction for pre-tax losses is at 4,502,126.34; the beginning balance of Oceanwide Culture Media Holdings Co., Ltd. for the adjustment period: impairment of long-term equity investment is confirmed to be at 256,809.44 dollar.

## 20. Short-term borrowings

Type of borrowing	Ending balance	Beginning balance
Guaranteed borrowing	34,434,935.79	74,635,243.50
Mortgaged borrowing	3,450,876.85	2,086,576.70
Pledged borrowing	571,082,622.76	772,312,659.27
Guaranteed and pledged borrowing	11,235,413.00	497,568,290.00
Guaranteed and pledged borrowing	0.00	176,368,698.10
Trust , Mortgaged and pledged borrowing	160,505,900.00	0.00
Bank borrowing	2,718,343.18	0.00
Credit borrowing	0.00	160,505,900.00
Total	783,428,091.57	1,683,477,367.56

Note: ① Loan of 105.93 million dollar from Ping An Trust & Investment Co., Ltd., with 300 million shares of its own Oceanwide Construction Group equity pledged;

Loan of 80.25 million dollar from Kunlun Trust Co., Ltd., with 61.26 million dollar of its own Minsheng Securities equity pledged as collateral;

Loan of 72.90 million dollar from Shanghai International Trust Co., Ltd. with 55.46 million dollar of its own Minsheng Securities equity pledged as collateral;

Loan of 8.83 million dollar from Shanghai International Trust Co., Ltd., with 6.81 million dollar of its own Minsheng Securities equity pledged as collateral;

Loan of 59.39 million dollar from CCB Trust Co., Ltd., with 180 million shares of its own Beibu Gulf Bank equity pledged as collateral;

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Loan of 41.73 million dollar from Zhongrong International Trust Co., Ltd., with 120 million shares of its own Oceanwide Construction Group equity pledged as collateral;

Loan of 48.15 million dollar from Zhongrong International Trust Co., Ltd., with its own 2.29 million dollar in share of capital contributions in Legend Holdings equity pledged as collateral;

Loan of 32.10 million dollar from Zhongrong International Trust Co., Ltd., with its own 1.52 million dollar in share of capital contributions in Legend Holdings equity pledged as collateral;

Loan of 48.15 million dollar from Zhongrong International Trust Co., Ltd., with its own 2.29 million dollar in share of capital contributions in Legend Holdings equity pledged as collateral;

② Loan of 18.46 million dollar by a subsidiary of the company, Oceanwide Industrial Co., Ltd., from Bank of Weifang Business Department, with guarantee provided by the company;

Loan of 12.84 million dollar from Bank of Weifang Business Department, with guarantee provided by Oceanwide Energy Investment Co., Ltd.

③ Loan of 16.05 million dollar by a subsidiary of the company, Oceanwide Energy Investment Co., Ltd., from Zhongrong International Trust Co., Ltd., with the subsidiary's own 7.00 million dollar of its shares in Macrolink Real Estate Co., Ltd. equity pledged as collateral;

Loan of 40.93 million dollar from Zhongrong International Trust Co., Ltd., with the subsidiary's own 120 million shares of Oceanwide Construction Group Co., Ltd. equity pledged as collateral;

Loan of 11.24 million dollar from China Zheshang Bank Beijing Branch, with the subsidiary's own 22 million shares of Oceanwide Construction Group Co., Ltd. equity pledged as collateral and with guarantee provided by Mr. Lu Zhiqiang.

④ Loan of 16.66 million dollar by a subsidiary of the company, China Oceanwide International Resources Investment Co., Ltd., from Societe Generale (Hong Kong) Bank, with the company's time deposit certificate pledged as collateral; a loan of 2.71 million dollar from BOC International Ltd.

⑤ Loan of 3.45 million dollar by a secondary subsidiary of the company, Shenzhen Oceanwide Sanjiang Electronics Co., Ltd., from Shenzhen Development Bank Co., Ltd., with the subsidiary's fixed assets and investment in real estate pledged as collateral; as of the reporting date, 1.77 million dollar of repayment has been made for this loan;

Loan of 3.14 million from China Merchants Bank Co., Ltd., with guarantee provided by the subsidiary; as of the reporting date, 1.12 million dollar of repayment has been made for this loan.

⑥ Loan of 0.16 billion dollar by a secondary subsidiary of the company, Zhejiang Oceanwide, from Hangzhou Branch of China CITIC Bank, with inventories and CDs owned by a sub-subsidiary of the company mortgaged and pledged; as of the reporting date, 0.08 billion dollar of repayment has been made for the loan.

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21. Accounts payable

(1) Detailed account age analysis of accounts payable;

Account age	Ending balance		Beginning balance	
	Amount	Proportion in total amount	Amount	Proportion in total amount
Within 1 year	176,007,451.62	88.72%	147,843,835.87	90.55%
1-2 years	15,412,298.01	7.77%	11,968,381.43	7.34%
2-3 years	4,227,987.24	2.13%	826,483.94	0.51%
Over 3 years	2,748,575.94	1.39%	2,603,214.51	1.60%
Total	198,396,312.81	100.00%	163,241,915.75	100.00%

(2) Significant account payables aged over one year;

No.	Unit name	Ending balance	Reason for not being settled	Remarks
1	Legal person I	4,396,180.28	Advance provisioning of project payment	
2	Legal person II	1,023,802.34	Advance provisioning of project payment	USD 776,051.28 of payment after maturity
3	Legal person III	961,441.09	Advance provisioning of project payment	USD 117,859.48 of payment after maturity
4	Legal person IV	760,192.31	Advance provisioning of project payment	USD 125,082.25 of payment after maturity
5	Legal person V	699,415.80	Advance provisioning of project payment	USD 245,959.24 of payment after maturity
	Total	7,841,031.83	—	

22. Advances from customers

(1) Detailed account age analysis of advances from customers:

Account age	Ending balance		Beginning balance	
	Amount	Proportion in total amount	Amount	Proportion in total amount
Within 1 year	63,961,824.88	93.72%	31,424,669.22	93.84%
1-2 years	3,204,598.10	4.70%	1,558,311.92	4.65%
2-3 years	758,706.75	1.11%	475,746.97	1.42%
Over 3 years	322,058.08	0.47%	31,654.72	0.09%
Total	68,247,187.82	100.00%	33,490,382.82	100.00%

(2) In which the house payments received in advance are as follows:

No.	Project name	Ending balance	Beginning balance	Estimated completion date	Pre-sale ratio
1	Beijing Oceanwide International Residential Area Project #5, #6, #7, #8	304,961.21	304,961.21	Completed	99.83%
2	Shenzhen Oceanwide Rafi Garden – Phase 2	5,553,588.08	2,858,396.93	Completed	55.52%

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No.	Project name	Ending balance	Beginning balance	Estimated completion date	Pre-sale ratio
3	Wuhan CBD Oceanwide International Residential Area - Yinghai Garden – Phase 1	1,236,736.32	0.00	Completed	92.51%
4	Wuhan CBD Oceanwide International Residential Area - Yinghai Garden – Phase 2	6,801,780.19	16,076,445.57	Completed	35.14%
5	SOHO Building 1, 2, 8	17,245,385.97	0.00	Completed	38.42%
6	Oceanwide International Residential Area - Yuehai Garden Building 2	20,388,139.16	0.00	2014.6	69.29%
	Total	51,530,590.94	19,239,803.71	—	—

**23. Other payables**

(1) Detailed account age analysis of other payables:

Account age	Ending balance		Beginning balance	
	Amount	Proportion in total amount	Amount	Proportion in total amount
Within 1 year	543,944,456.65	74.25%	385,237,389.25	61.59%
1-2 years	97,980,803.78	13.37%	74,325,242.23	11.88%
2-3 years	40,475,850.66	5.52%	21,163,312.83	3.38%
Over 3 years	50,216,402.84	6.86%	144,850,162.95	23.15%
Total	732,617,513.93	100.00%	625,576,107.26	100.00%

(2) The top five units in the amount of other payables are as follows:

No.	Unit name	Ending balance	Proportion in other payables	Aging	Cause of debt
1	Legal person I	252,372,662.08	34.45%	Within 1 year	Equity transfer payment
2	Accrued land value-added tax	78,871,973.38	10.77%	Within 1 year	Project unsettled payment
3	Legal person II	44,941,652.00	6.13%	1-2 years	Intercourse funds
4	Legal person III	43,146,330.13	5.89%	Within 1 year	Equity transfer payment
5	Legal person IV	41,121,029.27	5.61%	Over 3 years	Intercourse funds
	Total	460,453,646.87	62.85%	—	—

**24. Financial Assets Sold for Repurchase**

Ending balance	Beginning balance
71,746,137.30	19,260,708.00



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**25. Funds for agency trading of securities**

Ending balance	Beginning balance
616,674,428.69	588,789,867.44

Note: All of them belonged to Minsheng Securities Co., Ltd.

**26. Currency Deposit Payable**

Ending balance	Beginning balance
49,506,744.12	42,462,528.67

Note: All of them belonged to Minsheng Securities Co., Ltd.

**27. Employees benefits payable**

Item	Beginning balance	Increase in current period	Payment in current period	Ending balance
I. Salary, bonus, allowance and subsidy	20,218,502.84	164,055,233.11	157,412,247.43	26,861,488.52
II. Employee welfare expense	483,130.07	1,913,771.10	1,915,577.40	481,323.77
III. Social insurance	(203,039.36)	22,052,745.67	22,013,525.77	(163,819.45)
IV. Housing fund	(327,027.26)	10,013,219.28	10,138,964.38	(452,772.36)
V. Union expense and employee education expense	7,147,586.52	4,457,345.13	2,298,299.24	9,306,632.40
VI. Non-monetary welfare	0.00	674.12	674.12	0.00
VII. Termination benefits	0.00	48,183.87	48,183.87	0.00
VIII. Others	70,018.54	60,110.64	41,314.81	88,814.37
Total	27,389,171.35	202,601,282.92	193,868,787.01	36,121,667.25

**28. Taxes and surcharges payable**

Tax	Ending balance	Beginning balance
Business tax	15,853,729.29	2,842,504.75
Urban maintenance and construction tax	1,168,150.19	257,810.99
Corporate income tax	57,239,659.16	84,196,560.88
Property tax	617,195.61	939,085.05
Value-added-tax	(237,924.35)	571,119.39
Land appreciation tax	105,942,402.51	24,602,151.25
Land use tax	109,699.53	75,332.12
Stamp duty	132,612.29	8,229.58
Individual income tax	1,941,097.77	3,738,382.35

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Tax	Ending balance	Beginning balance
Consumption tax	37,744.43	46,058.41
Other taxes	1,127,649.63	368,117.30
Total	183,932,016.06	117,645,352.07

Note: Beginning balance of Oceanwide Energy Investment Co., Ltd. for the corporate income tax increase adjustment period is 638,701.85 dollar; the beginning balance of Minsheng Securities Co., Ltd. for the corporate income tax reduction adjustment period is 341,505.48 dollar; the beginning balance of Oceanwide Construction Holdings Limited for the corporate income tax increase adjustment period is 3,540,971.88 dollar.

**29. Interests payable**

Ending balance	Beginning balance
33,484,219.36	5,027,174.01

**30. Dividends payable**

Ending balance	Beginning balance
2,959,254.99	2,959,254.99

Note: in which The Company has USD 2,648,347.35 of payables to Oceanwide Holdings Co., Ltd.; USD 310,907.64 of dividends payable to Class I subsidiary company, in which: 235,822.70 dollar is payable to Henan Lotus Gourmet Powder Group Co., Ltd., Minsheng Securities Co., Ltd., USD 65,798.36 payable to Henan Garden Group Co., Ltd. and USD 9,286.58 payable to other shareholders.

**31. Non-current liabilities due within one year**

Type of borrowing	Ending balance	Beginning balance
Mortgaged borrowings	1,444,553.10	417,315,340.00
Guaranteed borrowings	192,607,080.00	0.00
Mortgaged borrowings	782,942,001.99	95,886,224.66
Guaranteed and mortgaged borrowings	49,997,587.85	330,321,142.20
Trust borrowings	0.00	63,817,145.84
Guaranteed and pledged borrowings	112,354,130.00	0.00
Total	1,139,345,352.94	907,339,852.70

Note: ① Loan of 0.16 billion dollar by the company from Zhongrong International Trust

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Co., Ltd., with its own 0.08 billion dollar of Oceanwide Construction Group equity pledged as collateral;

Loan of 80.25 million dollar from China Jingu International Trust Co., Ltd., with its own 5.30 million dollar in share of capital contributions in Legend Holdings equity pledged as collateral;

Loan of 32.10 million dollar by the company from Beijing International Trust Co., Ltd., with its own 16.05 million dollar of Oceanwide Construction Group equity pledged as collateral;

Loan of 0.15 billion dollar by the company from Beijing International Trust Co., Ltd., with its own 42.19 USD of Minsheng Bank equity pledged as collateral;

Loan of 0.16 billion dollar from CCB Trust Co., Ltd., with its own 59.48 million share of capital contributions in Legend Holdings pledged as collateral;

Loan of 0.16 billion dollar by the company from Jilin Province Trust Co., Ltd., with its own 537 million shares of Oceanwide Construction Group equity pledged as collateral;

Loan of 38.52 million dollar by the company from Jilin Province Trust Co., Ltd., with its own 165.76 shares of Oceanwide Construction Group equity pledged as collateral.

② Loan of 0.19 billion dollar by a secondary subsidiary of the company, Tonghai Construction Co., Ltd., from Sichuan Trust, with guarantee provided by the company; as of the reporting date, 0.08 billion of repayment has been made for the loan.

③ Loan of 1.20 million dollar by a secondary subsidiary of the company, Wuhan CBD Investment & Development Co., Ltd., from Hanyang branch of China Merchants Bank, with inventories of the subsidiary and guarantee provided by a subsidiary of the company as collateral and guarantees;

Loan of 1.44 million dollar by the subsidiary from Jiangnan branch of Bank of Communications, with inventories of the subsidiary pledged as collateral; as of the reporting date, 0.32 million of repayment has been made for the loan.

Loan of 48.15 million dollar by the subsidiary from Wuhan Branch of Shenzhen Development Bank, with inventories of the subsidiary and guarantee provided by a subsidiary pledged as collateral and guarantees; as of the reporting date, 16.05 million of repayment has been made for the loan.

④ Loan of 0.11 billion by a secondary subsidiary of the company, Beijing Oceanwide Dongfeng Real Estate Co., Ltd., from Beijing International Trust Co., Ltd., with Oceanwide Dongfeng equity held by China Oceanwide and Oceanwide Construction Group pledged by its holders as collateral, accounts receivables from Oceanwide Dongfeng held by Oceanwide Construction Group pledged by the holder as collateral, and personal guarantee provided by Lu Zhiqiang, Chairman.

⑤ Loan of 0.64 million dollar by a secondary subsidiary of the company, Zhejiang Oceanwide Construction Investment Co., Ltd., from Ping An Trust Co., Ltd., with inventories of the subsidiary, fixed assets of a subsidiary and guarantee of a subsidiary pledged as collateral and guarantees

### 32. Other current liabilities

Ending balance	Beginning balance
676,121.81	676,011.74

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**33. Long-term borrowings**

Type of borrowing	Ending balance	Beginning balance
Pledged borrowings	943,774,692.00	782,942,001.99
Pledged and mortgaged borrowings	82,660,538.50	82,660,538.50
Mortgaged borrowings	1,201,627,420.35	663,691,896.50
Guaranteed and mortgaged borrowings	1,550,023,131.95	38,521,416.00
Guaranteed borrowings	0.00	254,181,958.42
Total	3,778,085,782.80	1,821,997,811.40

Note: (1) Borrowed 82.66 million dollar from the Kunlun Trust Co., Ltd., for which its own Oceanwide Industrial Co., Ltd. 's 257.3872 million shares and the right of the use of Shandong Chamber of Commerce's building and land were mortgaged. 8.03 million dollar was repaid thereto as of the reporting date.

Borrowed 56.18 million from the Bohai International Trust Co., Ltd., for which its own Oceanwide Construction Group's 115.6 million shares and the Minsheng Bank of China's stock equity securities of 18.46 M dollar were pledged as security;

Borrowed 0.18 billion dollar from the Bohai International Trust C., Ltd., for which its own Minsheng Bank of China's 120 million shares of stock, the Oceanwide Construction Group 's 150 million shares of stock and the Minsheng Bank of China's stock equity securities of 57.53 million dollar were put up as a guarantee;

Borrowed 120.38 million from the Bohai International Trust Co., Ltd., for which a stake of 67.08 million in its own Oceanwide Construction Group was used as collateral;

Borrowed 0.40 billion dollar from the Zhongrong International Trust Co., Ltd., for which its own Minsheng Financial Center's Blocks B/D/E were mortgaged as a guarantee;

Borrowed 81.86 million from the Zhongrong International Trust Co., Ltd., for which its own Oceanwide Construction Group's stock equity of 240 million shares was used as collateral;

Borrowed 144.46 million dollar from the Bohai International Trust Co., Ltd., for which its own Minsheng Financial Center's Block A was mortgaged as a guarantee;

Borrow 41.73 million dollar from the Jiangxi International Trust Co., Ltd., with its own Oceanwide Construction Group's stake of 120 million shares being used as collateral;

Borrowed 94.70 million dollar from the Sichuan Trust Co., Ltd, with its own Minsheng Bank of China's equity of 166 million shares being pledged as security;

Borrowed 46.55 million dollar from the Sichuan Trust Co., Ltd, with its own Oceanwide Construction Group's stake of 136.4 million shares as collateral;

Borrowed 41.73 million dollar from the Sichuan Trust Co., Ltd., with its own Minsheng Bank of China's investment shares of 119.9814 million as collateral;

Borrowed 72.23 million dollar from the Bohai International Trust Co., Ltd., with its own Minsheng Bank of China's equity of 150 million shares as security;

Borrowed 70.62 million dollar from Beijing Branch, China Zheshang Bank Co., Ltd., with its own Minsheng Bank of China's securities of 33.91 million dollar and Oceanwide Energy Holdings Co., Ltd.'s equity shares of 21.67 million dollar as security;

Borrowed 133.22 million dollar from the Beijing International Trust Co., Ltd., with its

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own Oceanwide Construction Group's 433.605 million shares as a guarantee.

② The Company's Class 1 Subsidiary, Oceanwide Construction Holdings Co., Ltd., borrowed 0.35 billion from the Bohai International Trust Co., Ltd., with its Minsheng Financial Center's Block C as collateral, the Company provided its guarantee as security.

③ The Company's Class 1 Subsidiary, Wuhan Wangjiadun CBD Construction Investment Co., Ltd., borrowed 37.83 million dollar from the Hanyang Sub-Branch, China Merchants Bank, with its subsidiary's inventory as security and its Class 1 subsidiary as guarantor, and 1.09 million dollar has been returned as of the report;

Borrowed 0.59 billion dollar from Banking Department of Hubei Province Branch, China Construction Bank Co., Ltd., with the subsidiary's inventory as collateral;

Borrowed 12.28 million dollar from the Wuhan Jiangnan Sub-Branch, Bank of Communications Co., Ltd., with the subsidiary inventory as collateral;

Borrowed 48.15 million dollar from Wuhan Branch, PingAn Bank Co., Ltd., with the subsidiary's inventory as collateral;

Borrowed 0.32 billion dollar from the Lujiazui International Trust Co., Ltd., with its subsidiary's inventory as security and its Class 1 subsidiary as guarantor;

Borrowed 0.24 billion dollar from the Sichuan Trust Co., Ltd., whose guarantee was given by its Class 1 subsidiary, with the subsidiary's inventory as mortgage. 0.19 million dollar has been repaid as of the report;

Borrowed 104.33 million dollar from the PingAn Trust Co., Ltd, with its subsidiary's inventory as security and its Class 1 subsidiary as guarantor;

Borrowed 76.86 million dollar from Hubei Branch, China Cinda Asset Management Co., Ltd., with its subsidiary's inventory as security and its Class 1 subsidiary as guarantor.

④ A trust loan agreement on the loan amount of 80.25 million dollar was signed between the Company's Class 2 subsidiary, Beijing Property Development Co., Ltd. and Xinshidai Trust Co., Ltd., with its subsidiary's inventory as security and its Class 1 subsidiary as guarantor;

128.18 million dollar from the China Great Wall Asset Management Corporation, with its subsidiary's inventory as security and its Class 1 subsidiary as guarantor.

⑤ The Company's Class 2 subsidiary, Oceanwide Qingdao Company, borrowed 49.76 million dollar from China Industrial International Limited, with its subsidiary's inventory as security.

⑥ The Company's Class 2 subsidiary, Zhejiang Oceanwide Construction Group Investment Co., Ltd., borrowed 159.54 million dollar from PingAn Trust Co., Ltd., with its subsidiary's inventory & Class 1 subsidiary's fixed assets as collateral and its Class 1 subsidiary as guarantor.

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34. Bonds payable

Type	Face value	Issuing date	Period	Issuing amount	Beginning interests payable	Ending interests payable	Ending balance
Bearer bond	513,618,880.00	2009.11.18	5 years	513,618,880.00	4,930,741.25	4,930,741.25	511,783,823.08
11 China Oceanwide Bond	449,416,520.00	2011.12.13	6/10 years	449,416,520.00	0.00	0.00	449,416,520.00
Total	963,035,400.00	—	—	963,035,400.00	4,930,741.25	4,930,741.25	961,200,343.08

Note: ① On November 13, 2009, with approval under file ZHENGJIANFAXINGZI [2009] 916 by CSRC, Oceanwide Construction Group Co., Ltd issued 32,000,000 bonds publicly to the publics on Internet and to institutional investors off internet. Every bond's book value is USD16.05, totally USD513,618,880.00. The duration of the bond is 5 years. The coupon interest rate is 7.2% and remains the same in adaptation period of the bond. It is taken by the simple interest provision on a yearly basis, not by the compound interest provision. China Fanhai provides total-amount, non-cancellable jointly liable guarantee. The bond was listed for transaction in Shenzhen Exchange on December 18, 2009. The fund acquired from the issuance of bonds is used to add liquid capital of the Company.

② The China Oceanwide's bonds were issued for the Company under the approved document (Doc F.G.C.J.[2011] No. 2713) of the National Development and Reform Commission, on December 13, 2011, both to domestic institutional investors through the issuing networks provided by the members of the underwriting syndicate and to institutional investors at the Shanghai Stock Exchanges under the agreement. Such bonds were 6-year ones with the issuer's option to raise the nominal rate at the end of the third year and the investors' option to sold back (variety 1) and 10-year ones with the issuer's option to raise the nominal rate at the end of the tenth year and the investors' option to sold back (variety 2) at the end of the fifth year. The scale of the issue of variety 1 was 0.29 billion dollar, and scale of the issue of variety 2 was 0.16 billion dollar. The said bonds were issued at the fixed interest rates. The annual interest rate on 3-year bonds of variety 1 in current period for the preceding three years within the duration was 8.80%, and the annual interest rate on 3-year bonds of variety 1 in current period for the preceding five years within the duration was 8.90%. The par value each bond was 16.05 dollar, the amount raised was 0.45 billion dollar, of which 0.31 billion dollar is used for the Fusong Changbai Mountain International Skiing Center Project – the venue at the 12<sup>th</sup> National Winter Games, 48.15 million dollar is used to repay to the bank the loan, and 89.88 million dollar used to add it to the Company's working capital.

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35. Deferred tax liabilities

Item	Ending book balance	Beginning book balance
Change of fair value	422,548,367.93	301,490,366.10
Increase of value in evaluation	1,119,902.33	1,119,902.33
Total	423,668,270.26	302,610,268.43

36. Accrued liabilities

Ending balance	Beginning balance
321,011.80	321,011.80

Note: The Minsheng Securities Co., Ltd.'s principal and interest payable accruals due to the outstanding matter which is paid by the Anyang city trust investment Company's Liquidation Group.

37. Shareholders' equity

(1) Share capital

Investor's name	Beginning balance		Increase in current period	Decrease in this period	Ending balance	
	Investment amount	Proportion			Investment amount	Proportion
Oceanwide Group Co., Ltd.	940,289,059.52	96.70%	0.00	0.00	940,289,059.52	96.70%
Oceanwide Holdings Co., Ltd.	32,101,180.00	3.30%	0.00	0.00	32,101,180.00	3.30%
Total	972,390,239.52	100.00%	0.00	0.00	972,390,239.52	100.00%

(2) Capital reserve

Item	Amount
I. Ending balance of previous year	520,799,530.39
Plus: Others	87,694,286.25
Correction of previous errors	0.00
II. Beginning balance of this year	608,493,816.63
Add: capital premium	(114,932.41)
Other changes of owner's equity besides net income or loss of invested unit	(89,889,442.91)
Gain or loss generated from change of fair value of available-for-sale financial assets	178,879,933.60
III. Ending balance of this year	697,369,373.31

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Note: See 37 (4) under Notes for the adjustment to the beginning balance.

(3) Surplus reserve

Item	Beginning balance	Increase in this year	Decrease in this year	Ending balance
Legal surplus	72,922,288.16	0.00	0.00	72,922,288.16
Discretionary surplus reserve	1,042,026.26	0.00	0.00	1,042,026.26
Total	73,964,314.42	0.00	0.00	73,964,314.42

(4) Retained earnings

Item	Amount
I. Ending balance of previous year	1,020,400,932.45
Add: Correction of previous error	(15,889,943.52)
Adjustment of beginning balance of merged subsidiary company under same control	0.00
Others	33,763.95
II. Beginning balance of this year	1,004,544,752.88
Add: net profit	35,004,605.40
Profit distribution	0.00
III. Ending balance in this year	1,039,549,358.28

Note: ① The invested entity Legend Holdings Ltd. has been working on listing. Since 2012 it has adopted the accounting standards; and made business accounting from 2006. Our Company adjusted the difference between the change in accounting policies, which the amount affected of owners' equity is 87.69 million dollar, the capital reserve increased at the beginning of the year, and 33,763.95 dollar, the undistributed profit at the beginning of the year;

② The invested entity Changbai Mountain International Tourism Resort Development Co., Ltd. adjusted the beginning balance, so Our Company made the corresponding adjustment thereto, which amount affected of owners' equity is 6.28 million dollar, the undistributed profits at the beginning of the year;

③ HQ of China Oceanwide adjusted the opening balance, which the amount of owners' equity is 0.70 million dollar, the undistributed profit increased at the beginning of the year;

④ The Oceanwide Construction Group Holdings Co., Ltd. adjusted the beginning balance, which the amount affected of owners' equity is the sum of surplus reserves decreased by 0.80 million dollar; and the undistributed profit at the beginning of the year was decreased by 7.24 million dollar. The amount affected in our Company's consolidated statements is the sum of the undistributed profit at the end of the year decreased by 8.04 million dollar;

⑤ The Oceanwide Industrial Co., Ltd. adjusted the beginning balance, of which the amount of owners' equity is the sum of the surplus reserves decreased by 120,989.64, and



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the undistributed profit at the beginning of the year was decreased by 1.27 million dollar. The amount affected in our Company's consolidated statements is the sum of the undistributed profit at the end of the year being decreased by 1.31 million dollar;

⑥ The Oceanwide Sandong Media Holdings Co., Ltd. adjusted the beginning balance, of which the amount affected of owners' equity is the sum of the undistributed profit at the beginning of the year being decreased by 0.77 million dollar. The amount affected in our Company consolidated statements is the sum of the undistributed profit being lowered by 0.69 million dollar;

⑦ The Oceanwide Energy Investment Co., Ltd. adjusted the beginning balance based on the final EIT settlement for year 2011, of which the amount affected of owners' equity is the sum affected of the surplus reserves being lowered by 63,870.19 dollar, and the undistributed profit at the beginning of the year being lowered by 574,831.67 million dollar. The amount in our Company consolidated statements is the sum affected of the undistributed profit being lowered by 0.51 million dollar;

⑧ Minshen Securities Co., Ltd. adjusted the beginning balance based on the final EIT settlement for year 2011, of which the amount affected of owners' equity is the sum affected of the surplus reserves being raised by 34,150.55 dollar, the general risk reserve fund was increased by 34,150.55 dollar, the transaction risk reserve fund was increased by 34,150.55 dollar, and the undistributed profit at the beginning of the year was increased by 0.24 million dollar. The amount in our Company consolidated statements is the sum influenced of the undistributed profit at the beginning of the year increased by 0.25 million dollar.

(5) Translation reserve

Ending balance	Beginning balance
4,360,710.85	(1,487,921.67)

(6) Non-controlling interests

Ending balance	Beginning balance
712,972,134.00	685,184,314.46

38. Revenue

Item	Amount in this period	Amount in previous period
Real estate industry	650,542,032.69	272,359,007.35
Financial and insurance industry	162,870,168.49	197,939,505.18
Lease industry	64,820,227.65	41,363,227.01
Commerce	110,747,641.39	145,417,847.63
Trade of materials	0.00	116,948.21
Hotel service industry	16,704,545.96	13,970,594.48

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Item	Amount in this period	Amount in previous period
Property management	22,714,323.40	11,021,345.34
Advertisement industry	19,465,820.87	20,357,363.13
Others	2,132,387.45	1,829,779.49
Total	1,049,997,147.90	704,375,617.82

**39. Costs of operation**

Item	Amount in this period	Amount in previous period
Real estate industry	259,504,974.18	118,992,552.79
Financial and insurance industry	91,665.35	88,834.40
Lease industry	406,638.37	394,475.93
Commerce	83,972,048.11	111,517,677.25
Trade of materials	0.00	101,265.88
Hotel service industry	6,272,063.30	5,057,013.89
Property management	28,279,397.81	16,511,595.90
Advertisement industry	12,213,594.99	11,484,060.19
Others	807,215.64	883,681.05
Total	391,547,597.74	265,031,157.29

**40. Finance costs**

Item	Amount in this period	Amount in previous period
Net interest expense	436,164,304.85	231,447,958.08
Financial consulting expense, etc.	39,988,578.85	44,190,367.27
Handling fee and others	7,022,515.76	5,516,795.03
Total	483,175,399.46	281,155,120.37

**41. Impairment losses**

Item	Amount in this period	Amount in previous period
Provision for bad-debts	132,643.86	(1,793,675.96)
Provision for depreciation of inventories	49,820.80	115,540.67

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Item	Amount in this period	Amount in previous period
Loss on depreciation of available-for-sale financial assets	0.00	3,619,481.75
Loss on goodwill impairments	0.00	(566,552.73)
Total	182,464.66	1,374,793.74

42. Gains from changes in fair value

Item	Amount in this period	Amount in previous period
I. Trading financial assets	—	—
Stock	18,866,443.90	(6,653,729.04)
Bonds	1,480,002.13	3,416,211.25
Fund	1,141,967.15	(1,152,047.28)
II. Investment property	250,301,103.67	267,784,432.19
Total	271,789,516.85	263,394,867.11

43. Investment income

Item	Amount in this period	Amount in previous period
Long-term equity investment	125,051,807.05	35,756,516.27
Trading financial assets	12,302,383.94	78,750,878.15
Held-to-maturity investment	0.00	0.00
Available-for-sale financial assets	56,756,927.31	13,199,235.98
Total	194,111,118.30	127,706,630.40

44. Non-operating income

Item	Amount in this period	Amount in previous period
Income from waste disposal	14,142.43	130.33
Penalty, compensation and fine	84,276.15	34,260.58
Income from disposal of non-current assets	104,276.23	86,519.83
Tax rebate and other government subsidies	2,949,095.51	2,717,849.75

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Item	Amount in this period	Amount in previous period
Un-payable payables	58.55	1,209,507.10
Others	574,484.96	408,544.02
Total	3,726,333.83	4,456,811.62

**45. Non-operating expenses**

Item	Amount in this period	Amount in previous period
Net loss from disposal of non-current assets	626,117.63	226,664.18
Violation expenditure, compensation, fine and late money	3,620,710.36	10,829,570.32
Sponsorship and donation expenditure	8,113,252.23	6,463,701.00
Others	750,166.48	64,829.54
Total	13,110,246.70	17,584,765.04

**46. Income tax expenses**

Item	Amount in this period	Amount in previous period
I. Income tax in current period calculated according to tax law and relevant regulations	78,358,978.15	45,522,537.65
II. Deferred tax expense	22,666,809.66	68,539,230.40
Total	101,025,787.81	114,061,768.05

**47. Other comprehensive income attributable to parent company**

Item	Amount in this period	Amount in previous period
1. Amount of gain (loss) from Available-for-sale financial assets	237,869,387.31	107,590,714.33
Less: influence on income tax generated from available-for-sale financial assets	55,601,200.57	27,999,339.83
Net amount of transferred-in income or loss accounted in other comprehensive income in previous period	3,388,253.13	1,440,680.96
Subtotal	178,879,933.60	78,150,693.54
2. Shares entitled to in other comprehensive income of the invested unit calculated in equity method	(38,558,526.59)	61,616,556.69
Less: Influence on income tax generated from shares entitled to in other comprehensive income in the invested unit calculated in equity method	0.00	
Net amount of current transferred-in income or loss accounted in other comprehensive income in early stage	51,330,917.92	

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Item	Amount in this period	Amount in previous period
Subtotal	(89,889,444.51)	61,616,556.69
3. Gain (or loss) generated from cash flow hedge instrument	0.00	
Less: Influence on income tax generated from cash-flow hedge instrument	0.00	0.00
Net amount of current transferred-in income or loss accounted in other comprehensive income in early stage	0.00	0.00
Adjustment amount transferred as initial confirmation amount of hedged item	0.00	0.00
Subtotal	0.00	0.00
4. Translation reserve of financial statement in foreign currency	5,848,632.52	(744,403.08)
Less: Net amount of disposal of foreign operation transferred into income or loss in current period	0.00	0.00
Subtotal	5,848,632.52	(744,403.08)
5. Others	0.00	(7,207,291.63)
Less: Influence on income tax generated from others accounted into comprehensive income	0.00	0.00
Net amount of others accounted into transferred-in income or loss of other comprehensive income or loss in previous period	0.00	204,557.59
Subtotal	0.00	(7,411,849.22)
Total	94,839,121.61	131,610,997.92

48. Notes to cash flow statement

Supplementary material	Amount in this period	Amount in previous period
1. Adjustment of net profit into cash flow of operational activities:		
Net profit	74,509,373.19	70,061,080.15
Add: Provisions for impairment loss on assets	182,464.66	1,374,793.74
Depreciation of fixed assets	19,941,782.02	19,266,938.55
Amortization of intangible assets	1,205,494.69	1,155,566.87
Amortization of long-term unamortized expenses	3,613,173.78	3,285,214.97
Loss from disposal of fixed assets, intangible assets and other long-term assets (fill "-" for income)	17,772.53	98,246.54
Loss on retirement of fixed assets (fill "-" for income)	504,068.87	41,897.81
Loss on change of fair value (fill "-" for income)	(271,789,516.85)	(263,394,867.11)
Finances expenses (fill "-" for income)	485,159,611.86	275,257,535.10
Investment loss (fill "-" for income)	(182,616,988.25)	(127,706,630.40)
Decrease of deferred income tax assets (fill "-" for increase)	(59,894,435.29)	(1,597,238.71)

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	Supplementary material	Amount in this period	Amount in previous period
	Increase of deferred income tax liabilities (fill "-" for decrease)	(65,673,624.10)	71,099,508.91
	Decrease of inventory (fill "-" for increase)	(445,420,303.70)	(369,718,902.68)
	Decrease of operational receivables (fill "-" for increase)	(1,293,985,671.65)	(2,200,069,235.90)
	Increase of operational payables (fill "-" for decrease)	1,465,082,379.45	1,298,547,528.29
	Others	1,725,531.00	79,053,651.76
	Net amount of cash flow generated from operational activities	(267,438,887.77)	(1,143,244,912.12)
2、	Investment and financing activities not involving cash income and expenditure:	—	—
	Conversion of debt into capital	0.00	0.00
	convertible bonds due within one year	0.00	0.00
	Fixed assets under financing lease	0.00	61,835,785.15
3、	Changes of cash and cash equivalent:	—	—
	Ending balance of cash	1,622,637,633.23	1,636,860,612.79
	Less: Beginning balance of cash	1,871,151,865.92	11,657,838,533.78
	Add: Ending balance of cash equivalent	0.00	0.00
	Less: Beginning balance of cash equivalent	0.00	0.00
	Net increase of cash and cash equivalent	(14,222,979.56)	(234,291,253.13)

**49. Cash and cash equivalent**

	Item	Amount in this period	Amount in previous period
I.	Cash	1,622,637,633.23	1,636,860,612.79
	Including: Cash on hand	500,686.49	505,950.35
	Bank deposits available for payments at any time	1,465,666,016.49	1,509,773,908.26
	Other monetary funds available for payments at any time	3,663,119.70	6,311,905.25
	Deposit reservation for balance available for payments at any time	152,807,810.56	120,268,848.93
II.	Cash equivalent	0.00	0.00
	Including: Bonds investment due within three months	0.00	0.00
III.	Balance of ending cash and cash equivalent	1,700,209,400.54	1,639,829,519.72
	Including: Use of restricted cash and cash equivalent by parent company or subsidiary company in group	77,571,767.31	2,968,906.93

**Note VIII. Relation and Transactions of Affiliated Parties**

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**1. Relations of affiliated parties**

(1) Affiliated parties with controlling relations

Enterprise name	Registered address	Main business	Relation with The Company	Economic nature	Legal representative
Oceanwide Group Co., Ltd.	Weifang, Shandong	Investment management, etc.	Parent company	Limited liability	Lu Zhiqiang

Note: For more details about Class I subsidiary company, please refer to Note V. 1

(2) Shares held (or equities) by affiliated party with controlling relation and its changes

Enterprise name	Beginning		Increase in current period	Decrease in this period	Ending	
	Amount	Proportion			Amount	Proportion
Oceanwide Group Co., Ltd.	940,289,059.52	96.70%	0.00	0.00	940,289,059.52	96.70%

(3) Affiliated parties without controlling relations

Enterprise name	Relation with The Company
Oceanwide Holdings Co., Ltd.	Non-controlling shareholder
Changxin Capital Investment Management Co., Ltd.	Same final controlling shareholder
China Minsheng Bank Co., Ltd.	Affiliated natural person serving as the company's vice board chairman
Lenovo Holdings Co., Ltd.	Affiliated natural person serving as the company's director

**2. Related-partys transactions**

(1) The Company and its affiliated parties determine transaction prices on market fair value in transactions

(2) Related-partys transactions

① Equity transaction: there was no related-parties equity transactions to be disclosed during the reporting period.

② Acceptance of guarantee: for more details, please refer to Note VII 20, 31, 33

③ Balance of payables and receivables of affiliated parties

Name of affiliated party	Economic content	Ending balance
Oceanwide Group Co., Ltd.	Advance payment	216,912,756.40
Oceanwide Group Co., Ltd.	Other receivables	636,000,834.84
Changxin Capital Investment Management Co., Ltd.	Other receivables	146,818,703.35
Oceanwide Holdings Co., Ltd.	Other receivables	2,214,522.83

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**Note IX. Significant contingencies as at balance sheet date**

1. For more details about the provision of guarantees by The Company and its subsidiary companies of different levels to each other, please refer to Note VII 20, 31, 33.
2. Oceanwide Xinhua, Beijing Guangcai, Shenzhen Guangcai and Wuhan Company, based on operating practice of real estate industry, provide the buyer of commodity house with mortgage loan guarantee, as of Dec 31, 2013, the accumulated balance was USD 0.26 billion, in which the amount of staged guarantee was USD 0.26 billion.

**Note X. Commitments**

1. As of Dec 31, 2013, the agreed and signed (mainly engineering construction) but unpaid capital project expenditure by The Company was USD 0.66 billion.
2. Based on the office site and operational land lease contract signed between The Company and subsidiary company and the lesser, the payable rents in the future are as follows:

Residual lease period	Minimum lease payment
1. Within 1 year (Including 1 year)	6,088,712.15
2. 1-2 years (Including 2 years)	5,609,612.58
3. 2-3 years (Including 3 years)	2,713,685.55
4. Over 3 years	577,413.99
Total	14,989,424.27

**Note XI. Subsequent events after the balance sheet date**

**1. Description of important events subsequent to the balance sheet date**

- 1) By resolution of the first provisional shareholders meeting of Oceanwide Construction Group in 2013, the company provided joint liability guarantee for the real estate development loans of 80.25 million dollar obtained for the Lanhai Garden project by Wuhan company.
- 2) By resolution of the second provisional shareholders meeting of Oceanwide Construction Group in 2013, the company provided joint liability guarantee for the 64.20 million dollar of development loans obtained by its subsidiary Oceanwide Dongfeng from Beijing Bank Jiuxianqiao branch.
- 3) By resolution of the second provisional shareholders meeting of Oceanwide Construction Group in 2013, the company provided joint liability guarantee for the 0.24 billion dollar of trust loan obtained by its subsidiary Oceanwide Dongfeng from Sichuan Trust Co., Ltd.
- 4) By resolution of the third meeting of the seventh session of the Board of Directors of Oceanwide Construction Group Co., Ltd. in 2013, the company is to be the assignee of the investment rights and related rights in Beijing Guangcai held by Oceanwide Holdings Limited.



**2. Notes to profit distribution after balance sheet date**

Oceanwide Construction Group Co., Ltd. made resolution on the third meeting of the 7<sup>th</sup> Board of Directors on April 18, 2013 that the profit of 2013 is based on the company's current total equities of 4,557,311,768 shares, cash dividends of USD 0.16 (tax included) is distributed for every 10 shares. The plan of foresaid profit distribution is submitted to the company's shareholders meeting of 2012 for review.

**Note XII. Other significant matters**

The company has no other significant matters to be disclosed in current period.